

MAR 16 1936
MARCH 15, 1936
TWENTY CENTS

Sales management

Why Butler Is Selling
Its Retail Stores to
Their Managers

Buyers of Advertising
Evaluate Different
Types of Market Data

Sales Policies That
Tripled Sales for
The Skelgas Company

Designing to Sell

THE MAGAZINE OF MODERN MARKETING

White printing paper should be White...but *How* White?



WHITE is the most enigmatic of colors. It can be as mellow as old ivory or as dazzling as snow fields. Recognizing this, the Kimberly-Clark Corporation has given Kleerfect and Hyfect a new, neutral shade of white... a shade which minimizes eye fatigue and provides the most perfect background for any number or combination of printed colors.

A PERFECT BACKGROUND FOR PRINTING INK

This new white will render your message more legible, your illustrations more effective. It is the white chosen by outstanding publishers who have determined, thru tests, that it makes more readable the stories and articles they market. It is the white specified by great mail order houses who have demonstrated that it adds saleability to the merchandise they show in their catalogs. And

it is the white used as standard by leading advertisers who have learned that their mailing pieces are more effective when printed on it.

TEST KLEERFECT OR HYFECT ON YOUR NEXT PRINTING JOB

You can't find a better color for paper than this new white! Like each of the other four qualities which make Kleerfect and Hyfect the perfectly balanced papers—exactly suited to modern printing needs. Try printing your next mailing piece, catalog or magazine on either of these papers; then look at the job critically...your selection will be justified.

Your printer can supply Kleerfect or Hyfect and quote prices. For samples of printing, please address a request to our advertising office in Chicago.

KIMBERLY-CLARK CORPORATION

ESTABLISHED 1872

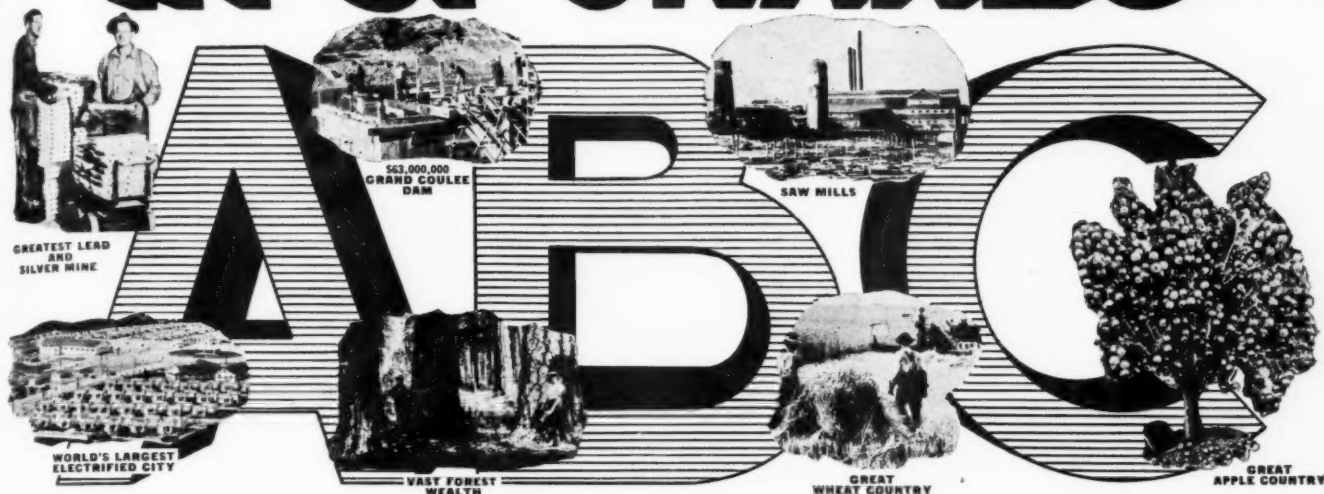
NEENAH, WISCONSIN

CHICAGO • 8 SOUTH MICHIGAN AVENUE
NEW YORK • 122 EAST 42ND STREET
LOS ANGELES • 510 WEST SIXTH STREET

Kleerfect
THE PERFECT PRINTING PAPER

Hyfect
ALL-PURPOSE BOOK PAPER

IN SPOKANE'S



TRADE AREA

SPOKANE'S trade area, as defined by the Audit Bureau of Circulations, is an outstanding market today because of a rare combination in this district of human enterprise and energy, and superb natural resources in process of development.

This Spokane Trade Area includes ---

\$63,000,000 Grand Coulee dam now building.

World's largest all-electric city.

Nation's greatest lead-silver mine and other lucrative mining properties.

A highly productive wheat, apple, and farming country.

A great lumbering industry feeding on a tremendous stand of white pine timber.

Great assets in water power, transportation, and other advantages.

In this remarkable district substantial gains are being recorded in income from products, payrolls, bank deposits, car loadings, retail sales. It is being won for scores of manufacturers with Spokane as center of operations, The Spokesman-Review and Spokane Daily Chronicle as advertising mediums.

Reflecting favorable conditions in the Inland Empire they serve, these old established dailies have more than 95,000 combined circulation (85% UNduplicated, Polk) for 101,247 urban families in their field.

THE SPOKESMAN-REVIEW • Spokane Daily Chronicle

SUNDAY

MORNING

EVENING

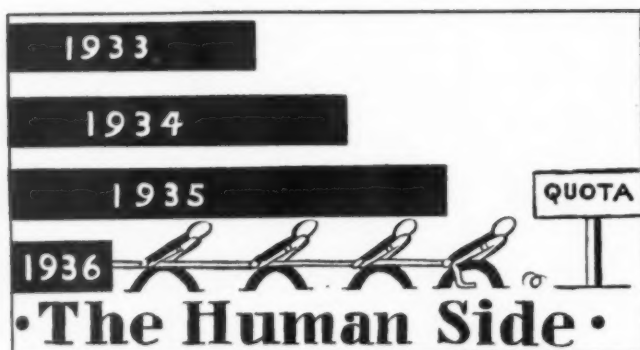
SPOKANE, WASHINGTON

ADVERTISING REPRESENTATIVES

JOHN B. WOODWARD, INC., NEW YORK — CHICAGO — DETROIT — BOSTON — KANSAS CITY — SAN FRANCISCO — LOS ANGELES
COLOR REPRESENTATIVES — SUNDAY SPOKESMAN-REVIEW MAGAZINE AND COMIC SECTIONS — ASSOCIATED NEWSPAPER COLOR, INC.

MARCH 15, 1936

[345]



Selling Sounds

People who sell by sound—over the radio—make it tough for studio sound effects men. The advertiser often wants it "real" even though the real thing can't be recorded for broadcasting. Deepest-throated steamboat whistles, for example, will not "take." Undertones are lost. An actual whistle would merely beat on a microphone with air impacts instead of transmittable sounds. So a wooden whistle has to be blown for the Maxwell House Showboat program. The familiar paddlewheel sound on this program was easier. A little wheel in a box of water achieves that and nobody is any the worse except the sound effects operator who sometimes gets wet.

"Roses and Drums" for the Central Life Insurance Company has given a lot of trouble too. Rifle fire can no longer be produced by whips on a drumhead. That's too obvious. And thundrous cannon roars do not come from a bass drum. Big-volume percussion sounds that a mike can absorb are now produced by an electrical contrivance and—after five years of study—Ray Kelley of NBC this month achieved perfect machine-gun patter with a radio speaker cone and a telegraph instrument.

There's no end of odd demands made upon the ingenuity of sound men. The Eno script had them almost stymied late in February when it called for the piping, squeaky "awks" of about 100 gulls flying over a desert island. This sound might have been recorded outdoors but nobody could induce 100 gulls to awk at the same moment—or any other time. So an expert fooled with a couple of reed whistles until he got them completely out of kilter. When their tones were properly ruined and they would only squawk and pipe crazily, emitting a different toot every time, they were both blown at once and the sound recorded. Then the process was repeated on the same spot in the record. That made them sound like four gulls. The next time they sounded like six, and so on until 100 gulls piped over the desert island. Then the Eno program went on the air.

Great libraries of sound effects have been built up not only by NBC, Columbia and smaller networks, but also by RCA-Victor, Gennett Records, World Broadcasting Company and others who supply radio stations and theaters with artificial thunder, crackling fires, galloping horses and whatnot at a moment's notice. You might think the sound effect man could produce anything. However, as *Radio Today* remarks, it would do an advertiser no good at all to ask for a girl powdering her nose, the music of the spheres, three shakes of a lamb's tail or the sound of someone holding his tongue.

Even Buicks Taboo

When better propaganda is done, it seems, Buick will be involved in it.

The revival of Buick, as beauty and beast (the Arthur Kudner copy people use the word "brute" in describing the hardihood of this eight-cylinder monster) since the introduction of new models October 1, has been a matter of some comment and dealer satisfaction. January-February sales were 70% ahead of parallel months of 1935.

Impressive beauty-and-beast advertising has helped. But all has not been done in bleed spreads. One runs into subtle Buick propaganda. The other day, passing the flower shop of Irene Hayes, at Park Avenue and 47th Street, New York, we saw two signs. They both read:

"No Parking—Not Even Buick."

Terrible Terries

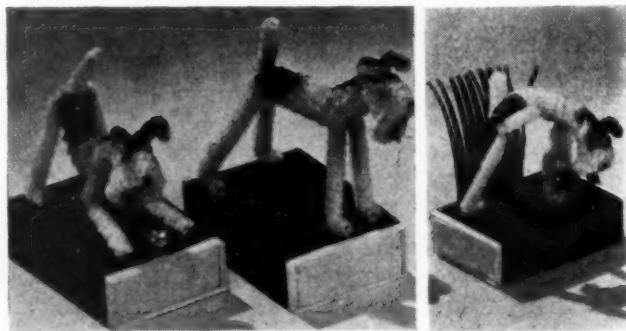
Depression hit young Mrs. Cornelia Burdette. But she hit right back—much to her own surprise. She dealt it a blow exactly on the button with the aid of her wire-haired terrier and a bunch of her husband's pipe cleaners. Now, after two years of development, she has turned her terrier and bales of chenille wire into a going business that employs a corps of expert women workers. By direct selling and through manufacturers' representatives handling gift lines she has put her "Terrible Terries" into gift shops, department stores and cigar stands from coast to coast. And it's only the beginning.

It all started with the smart little, fuzzy-faced terrier at her home in New York. He had a habit of asking her to play by putting a ball on the floor and then posing expectantly behind it—hind-end high; front-end low; the ball between his paws; barking. It was so amusing that she "made" him out of pipe cleaners and a few touches of color. She called the humorous little figure "Let's Play." Everybody wanted it, so she made a few more for her friends.

Then nearly the whole family took a delighted, creative hand at it—two sisters, husband, architect father. They had the terrier scrunched up, three legs braced wide, giving his ear a soul-satisfying scratch and named it "Scratching." It made a hit. They wound him up in a knot, licking himself where it would do the most good. This was "House Cleaning." They had him lifting his leg appropriately toward a "hedge" of green paper. That was "Piddling" . . . a wow. They even had him squatting earnestly with noticeable brown achievement, naming this "Do-Do." It was a positive riot.

About that time the family went to Florida—where living was cheaper. Mrs. Burdette wondered if her "Terrible Terries" would sell. She mounted a few on tiny 1-cent boxes of matches. A Miami gift shop one day tried them out at 25 cents each. The next morning it ordered 18 dozen! "I was so excited over this gigantic order that I went home and cried," says Mrs. Burdette. The three sisters manufactured them almost overnight. Then they put "Terries" in several other stores. A Chicago man saw their possibilities. He ordered *ten thousand*. Mrs. Burdette practically swooned. She trained a number of friends to make "Terries" and the order was finally filled . . . at a handsome profit. The Burdettes had the depression hanging on the ropes from that day.

Now headquarters of "Cornelia Burdette—Terrible Terries" (that's the company name) are in the top floor of a small building in lower New York City. It is the architect-father's studio. There, on long tables, Mrs. Burdette and her assistants train a staff of women to make "Terries" at home in all manner of life-like poses, each little dog with shining eyes of black wax and a bit of red tongue. Two salesmen cover New York City. Repre-



Little pipe-cleaner terriers clean up big

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Chin-To-Toes Coverage in Florida's Best Market

Sales can't get cold feet in Jacksonville's big, rich retail trading area when they have Times-Union coverage to keep them warm and happy from chin-to-toes.

Times-Union circulation is an ample blanket for the market, with a tuck-in margin for good measure. It reaches clear out to the edges of the retail trading area with 63.10 per cent coverage of all families within it.

What's more, this blanket is especially warm and thick around the middle—Jacksonville proper—where sales are best. The Times-Union goes into 85 per cent of all literate homes within Jacksonville's city limits every day. And that, sir, is *coverage!*

If your sales in the Jacksonville trading area are shivering from contact with consumer cold shoulders, warm them up with this comforting blanket.

The Florida Times-Union

LARGEST CIRCULATION IN JACKSONVILLE

Daily — FLORIDA'S LARGEST NEWSPAPER *Sunday*



Represented Nationally by REYNOLDS-FITZGERALD, Inc.

New York

Philadelphia

Chicago

Detroit

San Francisco

Seattle

Los Angeles

GARNER & GRANT, Atlanta, Georgia

SALES management

Vol. XXXVIII. No. 6

March 15, 1936

CONTENTS

Advertising

- 500,000 Kids Join Ward's Radio "Press Club"; Sales Gain 364
By V. P. McKinnie, Advertising Manager,
Ward Baking Corp.

- Ozite Finds Most Potent Campaign Cry in Sales Point 13
Years Old 386

Dealer Relations

- Independent Filling Stations Join Pate Oil Co. in Co-op
Plan 390
Schenley, Seeking Good Will, Sees 35,000 Salesmen a Year
"Private Problems" Cause Butler to "Sell Out" to Store
Managers 384
By Lawrence M. Hughes 360

General

- 2c Railroad Fares to Bring Savings in Sales Costs 378
Congressional Action Due Soon on Anti-Chain Store Bill.. 404
Goodyear to Appeal from FTC Order Ending Sears,
Roebuck Deal 376
Grocery Interests Map Fair Trade Plans While Patman
Probe Goes On 362
Readers Help to Plan SM's 1936 Survey of Spending Power 366
Significant Trends 353

Market Research

- Buyers of Advertising Evaluate Different Types of Market
Facts 372
The twenty-first of a series of marketing surveys and
studies made exclusively for SALES MANAGEMENT by
the Market Research Corporation of America
Chicago American Survey Shows Refrigerator Sales Map
Shifts 400

Product Design

- Designing to Sell 396
Selling Copy on Cellophane Makes Packaging Do Two
Jobs at Once 402
Trucks Learn from Passenger Cars; Redesign Jumps Sales
100% 392
Based on an interview by D. G. Baird with Robert
F. Black, President, The White Motor Co., Cleve-
land, Ohio

Sales Campaigns

- Arco Adopts "Specialty Selling" in Air Conditioning Cam-
paign 374
Make-Your-Own-Ensemble Plan Helps Botany Out of Red
Skelgas Lays the "Off-Season" Ghost and Triples Sales 365
Based on an interview by Lena K. Wyatt with
George W. Bach, Sales Manager, the Skelgas Co.,
Kansas City, Mo. 356

Sales Policy

- Does Volume Create Low Prices, or Do Low Prices Create
Volume? 383
Retailers Open Fight on Company Purchases at Wholesale
for Employees 358
By Lester B. Colby

Departments and Services

- Advertising Campaigns 363
Comment 416
Marketing Flashes 370
Media and Agencies 410
Sales Letters 409
The Human Side 346
The Scratch-Pad 361
Tips 415

EDITORIAL STAFF: RAYMOND BILL, Editor and Publisher;
PHILIP SALISBURY, Executive Editor; A. R. HAHN, Managing Edi-
tor; E. W. DAVIDSON, News Editor; M. E. SHUMAKER, Desk Editor;
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HUGHES, LESTER B. COLBY, D. G. BAIRD, MAXWELL DROKE, RAY
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EDWARD LYMAN BILL, Treasurer. Publication office, 420 Lexington
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sentatives throughout the country are landing big orders. "Terrible Terries" are playing, scratching, piddling and do-doing all over the nation . . . even in Hawaii, Australia and England.

People have made pipe-cleaner dogs for years. But these are better. So the world is once more beating a path to the door of another maker of a better mouse trap.



From this laboratory test, a momentous discovery about brunettes . . .

Safety with Brunettes

In case of danger, have a brunette at the wheel. . . .

Dr. H. De Silva, of the Harvard Bureau of Street Traffic Research, being engaged in trying to assure everyone's safety, including his own, probably would not wish to generalize to the extent of saying that brunettes on the whole are safer drivers than blondes.

But he has found, in a test in New York of two blondes and two brunettes, that the brunettes made quicker changes from accelerator to brake.

Otherwise the girls seemed about even. They all appeared to have their quota of intelligence. They are about the same age—20 to 24. They are all members of the cast of "Murder in the Old Red Barn," now holding forth on the venerable boards (the place used to be a church) of the American Music Hall.

Perhaps Fred Smith, publicity director of Batten, Barton, Durstine & Osborn, Inc., arranged the test among this very small sample of American womanhood merely for "news" purposes. The Harvard Bureau made it in cooperation with Liberty Mutual Insurance Company (a client of BBDO) at a safety conference in New York.

The blondes chosen were Marian Butler and Mildred Kent; the brunettes, Virginia Deane and Barbara Bates. (We forgot to ask Dr. De Silva whether the blondes, by any chance, were synthetically so.)

At any rate the Misses Bates and Deane both had a "braking reaction time" of 37/100ths of a second. Miss Kent's time was .39 and Miss Butler's .48. The girls did their stuff in a testing device consisting of half the front seat of a car, a steering wheel and floor pedals.

They were tested also for "mental reaction time." In this the results were mixed. Miss Bates still responded quickest—.20 of a second. Miss Kent held up the blonde side, with a score of .22. The Misses Butler and Deane came through in .25.

One reason Dr. De Silva may not wish to generalize about the braking abilities of blondes and brunettes is that he recently got into trouble by being quoted as saying that women could not learn to drive properly after the age of 25. What he did say (he said) was, that after several thousand observations, he found women over 25 learned to drive more slowly than men.

Which may be dangerous enough in itself!

SALES MANAGEMENT

Significant Trends

As seen by the Editors of SALES MANAGEMENT for the fortnight ending March 15, 1936.

An Invitation to Advertise

The President has suggested to Congress that it explore the possibility of heavily taxing unreasonably high corporation surpluses.

While it is still too early even to hazard a good guess as to exactly what will be done, it is very probable that a tax plan will be worked out which will follow his suggestion but with provisions for allowing corporations to retain tax free a certain portion of earnings for depletion, reserves and debt retirement.

• • • It seems probable that hundreds, perhaps thousands, of corporations will find a way of distributing large sums so as not to pay it all to the government. Increasing the dividend rate will be one way, increasing salaries and wages another, and increasing advertising expenditures is still another possibility. The proposed tax is quite different in form from the excess profits taxes following the War, but the invitation to spend larger sums in advertising would seem to be just as pressing now as it was 15 years ago.

• • • The Brookmire Economic Service has made an analysis of business trends in presidential years since 1868 and finds that the business index has moved upward in nine presidential years and downward in eight. The commodity index numbers moved upward in three years, downward in five, and in nine they showed no definite trends. Brookmire concludes about 1936 that the political and economic tides and fortunes have been flowing toward the center for several months, thus taking most of the danger out of this campaign. Both parties will be going after the middle-class vote.

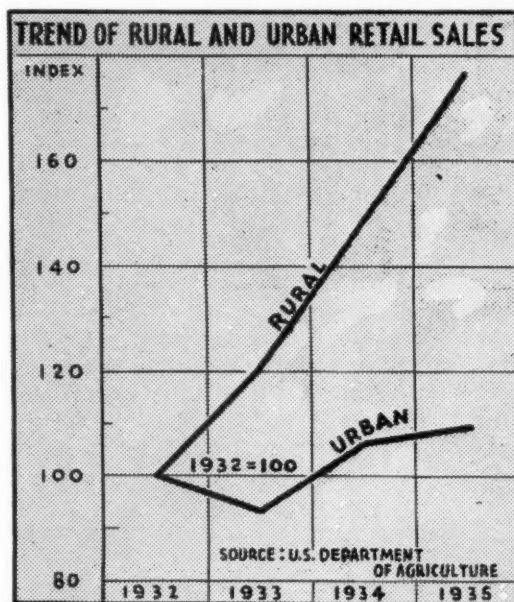
• • • "Thus, economic forces are very likely to rule this presidential year, as they have done before," says Brookmire. "These forces, consisting mainly of ample credit supplies, expanding margins of profit, abundant bank reserves, increasing capital issues, returning conservatism and growing confidence, are plainly and distinctly constructive."

• • • The tremendous over-subscription of the largest Treasury bond issue in many years would seem to indicate that large investors expect business to continue good and are reasonably certain that the budget is not going to get out of control. This rather definitely proves that higher interest rates on commercial loans are not considered an early prospect. Possibly of greatest significance is the proof that inflation fears have been definitely stamped out.

• • • The sale of new government obligations to commercial banks has been responsible for much the larger part of the bank deposit inflation that has occurred during the past two years. The business recovery that we are witnessing now furnishes a background of confidence which makes the combination of continued govern-

ment spendings and bank deposit expansion far more effective than formerly. Bank deposits cause an expansion of business only when they are spent. The gradual rise in the average velocity of turnover of bank deposits indicates that we are not only witnessing an increase in the total of deposits, but also a slow rise in the rate at which they are being put to use.

• • • Corporation executives who feel the itch to pursue more aggressive tactics in their sales work should be encouraged not only by the proposed change in corporation taxation, as commented upon above, but also by the almost 50% slash in railroad rates. The drastic cut ordered by the Interstate Commerce Commission was put through on the grounds that the railroads were earning too little rather than too much. The experience of western and southern roads would seem to indicate that railroads as a whole would get greater total passenger revenues from the lowered rates; but, no matter what the effect on them, the reduction is a distinct gain to sales organizations.



According to a study made by the Department of Agriculture, retail sales in rural areas have increased 3 billion dollars between 1932 and 1935, while sales in urban areas increased only 2.1 billions in the same period. The low point in rural area retail sales was reached in 1932 while the urban low was in 1933, and in the cities the gain from 1933 was 3.5 billions. Rural retail sales dropped more sharply than urban from 1929 to 1932, but in 1935 rural sales were estimated to be 75% of their 1929 volume, while urban retail sales were only 60% of 1929 levels. Rural sales in January increased 10% over the same month last year. The South with a 15% gain and the Far West with 18% led the sections. An analysis by the Chevrolet Motor Company shows that out of 247,000 new Chevrolets sold in November, December and January, 133,000 or 60% went to rural areas. The chart is reproduced through the courtesy of the Midwest Farm Paper Unit.

A New New Deal?

According to Congressional Intelligence, Inc., a new New Deal is in the making. The editors of this service make the point that from now on the Administration will hold for an economy of abundance

instead of the widely advertised economy of scarcity, which it never really wanted or advocated, but into which it was forced largely by the circumstances of the farmer. "The objectives and machinery brought about by the Depression are over and the new course is to be the permanent one. More and more from now on the word will be sounded that the emergency is over.

• • • "The national industrial policy will declare for the salvation of the profit system, a lessening of government competition (already evident in many particulars) and financial aid to small enterprises."

• • • Plans were announced last week by the James Butler Grocery Company to sell out its 483 chain stores to present managers and organize a voluntary chain of about 2,000 owner-managed stores within a 75-mile radius of Long Island City. The average valuation of stores was put at \$2,000 each—\$1,500 for merchandise and \$500 for fixtures. "The plan eliminates weaknesses in the present chain store operation and independent grocery business. The chain store weakness is that the manager has no control over his personnel. The independent store weakness is inability to advertise or buy on large-scale rates.

• • • "Members of our voluntary chain will purchase all goods through the company at cost. For this privilege they will pay a service charge to cover our cost of administration, warehousing, large-scale advertising, distribution, delivery and wholesale buying. The owner-members will pay the company 20% on gross sales for the merchandising service."

• • • This means that the James Butler Grocery Company will become a buying, wholesaling and manufacturing organization. John Hartford, president of the A&P, threatened in a recent letter to the publisher of the New York Sun to follow this plan if state legislatures continue to discriminate against chain stores.

• • • Would that more industrial groups had the foresight of the New York Brewers' Association and the Brewers' Board of Trade of New York City. The other day they announced as unfair to out-of-state brewers a bill introduced into the New York Legislature to impose a tax of six cents a gallon on all beer manufactured outside the state. The New York brewers pay a tax of 3½ cents per gallon. The New York brewers reason, of course, that if this proposed tax were slipped through the Legislature other states would quickly retaliate, with resulting damage to their sales in other states.

• • • Earnings reports of 895 corporations for 1935 show combined net profits, less deficits, of \$952,000,000, which compares with \$648,000,000 for the same companies for 1934 and represents an increase of 47%, according to a compilation published by the March letter of the National City Bank. These companies had an aggregate net worth of \$14,413,000,000 at the beginning of 1935, upon which the average rate of return was 6.6%, as contrasted with 4.4% in 1934. The compilation covering 895 corporations for the years 1934 and 1935 follows, in thousands of dollars:

No.	Industry	Net Profits—Years		Per Cent Change	Per Cent Return	
		1934	1935		1934	1935
5	Agricultural Implements	\$ 1,905	\$ 12,739	+568.7	1.6	11.0
9	Amusements	6,123	9,804	+60.1	3.4	5.4
21	Apparel	4,063	6,256	+53.9	3.8	6.0
14	Automobiles	93,072	197,069	+111.7	7.8	16.7
35	Auto Accessories	11,190	26,117	+133.3	7.3	16.7
17	Bakery	17,269	15,224	-11.8	6.0	5.5
43	Building Materials	12,423	15,329	+23.3	2.9	3.6
19	Chemicals	61,701	79,019	+28.0	8.6	10.8
10	Coal Mining	5,779	2,638	-54.3	2.6	1.6
14	Containers	43,022	42,936	-0.2	12.3	11.8
32	Cotton Mills	3,029	*5,809	...	1.6	...
12	Drugs and Sundries	23,616	23,936	+1.3	19.1	19.1
20	Electrical Equipment	6,308	9,945	+57.6	4.5	6.8
47	Food Products—Misc.	62,121	58,152	-6.4	10.0	9.3
18	Hardware and Tools	3,146	5,285	+67.9	4.2	7.4
14	Heating and Plumbing	3,678	15,375	+318.0	2.1	9.1
34	Household. Gds. and Suppl.	19,191	24,486	+27.5	7.9	10.2
41	Iron and Steel	*18,417	43,387	1.2
27	Liquors	13,700	11,618	-15.1	16.8	12.7
42	Machinery	2,873	8,143	+183.4	2.2	6.7
8	Merchandise—Food Chains	24,190	25,715	+6.3	4.0	4.6
22	Merchandise—Other Chains	14,027	12,715	-9.3	9.6	8.7
16	Meat Packing	58,635	56,533	-3.5	15.2	13.9
24	Merchandise—Wholesale, etc.	2,291	4,225	+84.4	1.6	3.0
16	Merchandise—Dept. Stores	9,655	7,963	-17.5	8.3	6.3
15	Mining, Non-ferrous	13,691	28,213	+106.0	1.8	3.7
22	Paper and Products	5,953	6,774	+13.6	3.3	3.8
36	Petroleum	19,364	31,786	+64.1	2.3	4.0
16	Printing and Publishing	9,412	10,802	+14.7	10.2	11.6
13	Railway Equipment	*2,716	*2,119
12	Rubber Tires, etc.	9,940	11,802	+18.7	3.8	4.8
15	Shoes	13,192	13,574	+2.9	8.1	8.6
15	Silk and Hosiery	994	2,679	+169.5	1.8	4.9
13	Sugar	7,223	8,213	+13.7	5.2	6.3
19	Textile Products—Misc.	1,012	7,136	+605.1	0.7	5.0
20	Tobacco	64,122	62,640	-2.3	11.9	11.9
10	Wool	*8,113	4,323	3.6
72	Miscel.—Manufacturing	25,753	49,210	+91.0	5.5	10.3
57	Miscel.—Services	3,243	7,886	+143.1	1.2	3.0
895	Total	\$647,659	\$951,719	+46.9	4.4	6.6

*Deficit.

Net profits are shown after depreciation, interest, taxes, and other charges and reserves, but before dividends.

Net worth includes book value of outstanding preferred and common stock and surplus account at beginning of each year.

Retail Sales Regain Losses

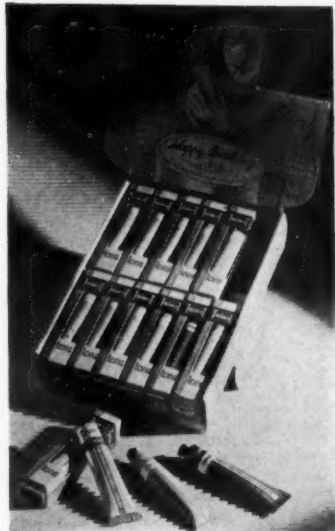
Reports for the early part of March indicate that the slump in retail volume was attributable to bad weather only. Healthy gains over February and over March last year are being registered in all sections.

• • • The survey just completed by Dun & Bradstreet indicates that for the full year 1935, retail sales increased more rapidly than inventories. Since the reports compiled each week by Economics Statistics, Inc., tell the same story about raw materials and semi-manufactured products, it is apparent that the relation between supply and demand continues favorable and increases the probability of gains greater than seasonal during the next two or three months.

• • • The Department of Commerce reports show that the retail sales of drug chains in January gained 2.6% over last year, but that all of the increase was accounted for by a 7.5% gain in tobacco sales and a 12.9 gain in fountain sales. Sales of other departments in the store lost 2.6%. Despite the competition from hard liquor, fountain sales increased their percentage contribution to the total net sales in chain drug stores in 1935—jumping from 18.9% of the total in 1934 to 19.8% in 1935.

• • • A compilation made by *Chain Store Age* shows that all types of retail chains increased their business in January over the same month last year. By far the largest gain was registered by shoe chains, with groceries a close second.

• • • Car loadings last week showed a rise of three times the expected seasonal gain for the week, with a total reaching the highest level of the year.



Medal Winners: Above are two winners in the All-America Package Competition, sponsored by *Modern Packaging Magazine*. First in the fibre can group is Stanco, Inc.'s "Garden Flit"—a can within a can that telescopes into a handy pump. On right, "Trim-It" a cake frosting in a tooth paste tube for easier decoration use. National Candy Co., Inc., maker.

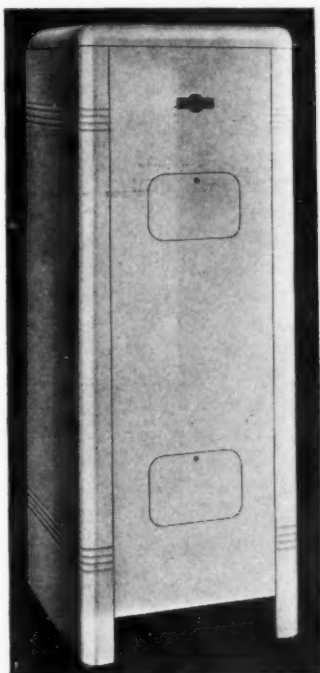
The Sales News Reel Halts for a Moment



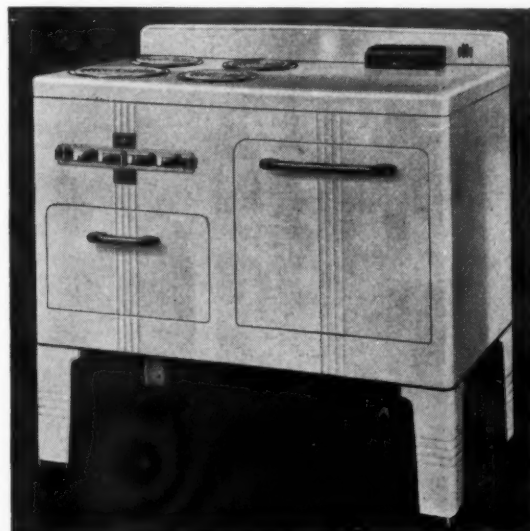
Pretty Sweet: (Above) Rockwood and Co. won an All-America medal by putting its whole line of candies in Cellophane bags—a step forward from ordinary paper bags.



Excuse It: At left is Lee H. Bristol, chairman of the Advertising Research Foundation. SM of March 1 published Allyn B. McIntire's picture by mistake for that of Mr. Bristol.



Kitchen Pals: At right and below are an electric range and water heater designed by Wilbur Henry Adams for teamwork in the kitchen. Electromaster, Inc., is the manufacturer. The stove is finished in porcelain enamel, has a chrome switch panel with insulated drawer and pull handles. The one-piece oven can be removed without taking the door off. Lines of both units are in harmony.



Leon Freres

Clapp Hands: E. J. Fitzpatrick, 26-year old s.m., and W. J. Roehl, assistant s.m., are made v.p.s. by Harold H. Clapp, Inc., in "recognition of their outstanding performances." Both will retain their present posts in the baby food manufacturing firm.



To Hell With the Weather: That slogan was dramatized by Skelgas in a playlet presented at meetings of dealers and distributors. Pictured is the general store owned by "Hank," who didn't like to get away from its cozy comfort to sell in cold weather. He and his store are rejuvenated when he learns he can make money by going out after business.

Rolling: In two years the Skelgas kitchen on wheels has traveled some 100,000 miles and been inspected by a half million housewives. Driven into residential neighborhoods of the company's territory, the truck and trailer halt and women are invited to step inside and see "the last word in modern kitchens." Every conceivable convenience is within the spic-and-span exterior. Due emphasis is, of course, placed by the demonstrators on Skelgas as an economical and easy-to-use fuel. Women enjoy looking over the modern cooking aids that are thus brought to their doors, and word-of-mouth advertising has been plentiful. Dealers and salesmen also declare the rolling kitchen a big help to them.



Skelgas Lays the "Off-Season" Ghost and Triples Sales

WHEN a company with a more or less seasonal product conquers the off-season bogie and at the same time triples its sales for the year, it is a good guess that behind the scenes there is a story of interest to every sales executive.

And there *is* a story behind the phenomenal record of the Skelgas Co. for 1935. It may seem strange that the market for "bottled gas," a product useful the year around in homes not supplied by gas mains, should vary with the seasons, but the Skelgas Company's records over the seven years since its organization show sales consistently high for the Spring and Summer months and low in the Fall and Winter.

Several factors contributed to this. Farm dwellers welcome a Skelgas refrigerator and range in the Summer as a relief from hot weather and a hotter cook stove burning coal and wood. But in cold weather there is little need for refrigeration, as the farmer sees it, and the cook stove is often used to heat half the house. To counteract the latter argument, the Skelgas Co. developed a range which has a special heating section, but Winter sales continued to hold back. To its alarm the company realized that even its salesmen and distributors had

Here's one company that is doing something to eliminate the traditional Winter slump. Skelgas prospects are people beyond city gas mains who thought they had no need for the firm's refrigerator and stove in Winter. Dealers tamely accepted that objection and made little effort to hustle for demonstrations when icy breezes blew. Until—

Based on an Interview by
Lena K. Wyatt with
GEORGE W. BACH
Sales Manager, The Skelgas Co.,
Kansas City, Mo.

come to accept the Winter slump as the natural order of things. George W. Bach, aggressive young sales manager of the company, decided that it was time for action.

A special series of drives was planned for the Fall of 1935. "To Hell with the Weather" was the slogan of the campaign. This idea was dramatized in a skit presented at large dealer meetings held in various parts of the territory. The skit concerned a shiftless small town dealer, accustomed to spending the Winter months in front of an old pot-belly stove, who was finally prodded into action when one of his salesmen discovered—to his surprise—that he could make money by going out after business. These larger meetings were followed by smaller group meetings in various districts at which the ideas already presented were amplified.

A contest entitled "Goin' to Town" and especially designed to reward distributors and their salesmen for greater efforts ran during October and November—ordinarily slow months. Although the title has a Mae West flavor, the set-up was a cowboy round-up with prizes going to the "ropers" who brought in the fattest sales. Distributors were assigned to one of three "ranches" according to their potential business. Tons of groceries were

And Now, About G. W. Bach—

In the ten years since leaving the Universities of Kansas and Iowa, tall Iowan Bach has been successful at more jobs than most men have held at twice his age. He started with International Harvester; then he was in charge of the sales promotion department of Meredith Publishing Co. For a time he was in business as a General Electric distributor. Joining Skelgas in 1928, he worked up from salesman, district representative, zone manager, assistant s.m. to his

present post, which he took over in 1934. Since then there has not been a halt in the monthly sales increases. His hobby is a stock farm near Kansas City. It was on another ranch that, in 1926, W. G. Skelly, president of Skelly Oil Co., first got the idea of a cooking gas as a by-product of his oil and gasoline company. His engineers developed Skelgas for his isolated home. It was so satisfactory that he made it available to others beyond city gas mains.



awarded to all qualifiers, and cash prizes went to the most successful ropers on each ranch. Prizes were also awarded to the top salesmen. District representatives with the greatest percentage of distributors qualifying and also those with the most winners in their district received cash prizes.

Not a man was allowed to slip back, and the home office was kept busy encouraging them. The distributors' monthly news bulletin and the bi-weekly magazine for district representatives kept the men constantly pushing ahead. These bulletins provided them with new ideas and kept them informed on the progress of the contest. Among the special inducements used by distributors were cooking schools, gifts to present users for prospect names which resulted in sales, and the use of special premiums either of their own choosing or bought from the Skelgas Co. at a nominal cost.

Before any of the men realized it, December had arrived—time for Christmas sales—and two of the most difficult months of the year had been spanned with a resultant sales total far beyond any previous Fall record. The off-season jinx was conquered. And the solution lay in hard work, backed by well-planned, constructive group meetings.

The men found it just about as easy to sell their product during the so-called "off-season" as at any other time—if they went after the business.

The entire credit for the year's increase cannot, of course, be attributed to this special drive. Improved farm conditions helped to produce sales, but there are few companies in which improved conditions alone would bring about a 300% increase in one year over the preceding year.

The success or failure of any Skelgas campaign is dependent largely on the district representatives. They must

keep feeding ideas to the merchants and spurring them on to new efforts. Mr. Bach cites *vision* as the prime requisite of a good district salesman. He must be able to stand off and survey as a whole the situation of any one distributor or of several in a given locality, discovering just wherein any trouble lies and substituting for faulty methods ideas which will supply the needed "punch."

A first hand knowledge of retail merchandising is essential to these men if they are to serve their dealers adequately. This knowledge is gained by the men as distributors' salesmen or in the company's eight retail outlets in major centers of the Middlewest.

District men are selected from within the organization whenever possible. They may have been distributors' salesmen who have shown special aptitude or men from the company's retail or main office. In any event, the job is looked upon as a promotion won through good service.

There are several advantages to training salesmen in company-owned outlets. The stores are experimental stations for new merchandising ideas. While in the store a man may sell as many as 20 or 30 ranges a month, and he grows to expect a large volume of business. He is never content afterward with fair or average sales either from his dealers or himself.

Supplementing this practical experience is a sales training course which every new salesman attends one night a week for 10 weeks. Each man is provided with a large loose-leaf manual telling the complete story of Skelgas, describing the opportunities afforded by the job and how to take advantage of them, telling of the organization behind the product and stressing the importance of planned selling. Each section of the manual is taken up in detail at the weekly meetings.

One section of the manual, entitled "Skelgas Fears and How to Master Them," presents vigorous answers to some of the problems confronting every selling organization.

Fear Number One: "It hurts my pride to push doorbells." The answer: "Doorbells are made to be pushed, and if you never push a bell with a motive less humanitarian than that of lessening some mother's drudgery, your pride will be something to be proud of."

Fear Number Two: "My territory is tough." Answer: "All territories are tough; if they weren't the company wouldn't need a sales force—if that top-notch dealer or salesman from the 'good' territory were put in where you are you can bet your bottom dollar he'd make this spot *produce*. Territories don't make men—men make territories."

Following this training, the prospective district representative is sent out contacting from two to four distributors and working with them until he is familiar with the requirements of his job.

District representatives work on a salary, commission, and expense basis with bonuses offered for particular efforts. Special awards go from time to time to leading distributors and salesmen. The distributor who does the best job in his district, the salesman who does the best job, and the man who contributes the best thought or presentation in a district sales meeting, are all rewarded.

Every man has his turn at making a presentation before a district meeting. This may be on some phase of Skelgas selling or possibly a talk on "Little-Known Facts about the Mississippi River." Presentations such as the latter make the meetings interesting and, at the same time, make the men better talkers, says Mr. Bach.

(Continued on page 406)

Retailers Open Fight on Company Purchases at Wholesale for Employees

"HUNDREDS of manufacturers throughout the country, in their hunger for quick business, are wrecking the machinery that is supporting them and in the long run are tearing their own houses down over their heads. I'm talking about so-called industrial selling. It has become a vicious evil."

R. R. Rau, executive vice-president of the National Retail Furniture Association, Chicago, was speaking to a representative of SM.

No end of stir is being created throughout the Middle West. The Illinois Federation of Retail Associations, 15 retail groups swinging into action through the cooperation of the Illinois Chamber of Commerce, are on the firing line. The aim is to bring all national retail associations into action.

Explosions have occurred as far East as New York and as far West as Los Angeles. The Milwaukee Chamber of Commerce is active in the fight; and the Better Business Bureaus are reported entering the fray.

The specific complaint is that various large manufacturers, usually through their purchasing departments, are buying vast amounts of goods at wholesale for their employees and so destroying the retail merchants in their communities.

\$150,000,000 a Year Diverted

"From our investigations I think this sort of business will run to more than \$150,000,000 a year," said Mr. Rau. "I consider that estimate a very low one. One of the rotten spots in the picture is that a number of gyp dealers have sprung up, slickers and cheaters, who pose as wholesalers. These, through the cooperation of respectable manufacturers who have fallen for their schemes, unload inferior goods on employees."

"A considerable number of large employers in the last few months have gone so far as to post notices informing their employees that the 'wholesale buying service' of the company was open to them."

"This means that employees will buy for their friends and relatives through their companies and the circle expands endlessly. Carried far enough, the retail business of the country will be destroyed."

[358]

"How it works is indicated by what has happened to the radio business in Chicago. In whole sections radio retailers report almost no business in spite of the fact that some of the radio manufacturers, in these same areas, have had a big business directly and indirectly through plant selling."

Joseph T. Meek, of the Mercantile Division, Illinois Chamber of Commerce, recently addressed a form letter to the chief executives of large industrial concerns. In it he said:

"Industrial selling, as the practice is termed, probably started innocently

BY
LESTER B.
COLBY

enough some years back as an accommodation for a few of the executives of the firm. Today it has spread to every employee in the organization, embracing practically every line of merchandise.

"Aside from the direct menace which this practice constitutes to retailing itself, there is another side of the picture to which we would like to call your attention. Retailers' employees and retailers themselves are purchasers of goods which your industrial concern makes."

"There are approximately 5,500,000 persons engaged in retailing. Assuming five to the average family, there are 25,000,000 persons deriving their buying power from the retail industry."

"This, of course, constitutes a tremendous market for industrial products. Therefore, when your employees, through your purchasing department, eliminate the retailer you are placing your industry in direct competition with retailing. The retailer does not compete with you; he distributes your product."

"Furthermore, it is inevitable that this practice on the part of your employees will encourage others to circumnavigate the retail outlets. Thus, it can logically be seen, this practice of 'industrial selling,' when carried to its

natural conclusion, ultimately will have a serious effect upon the business of industries."

"If retailing is an essential factor in the distributive process in this country, and I think you will agree it is, and if manufacturers are dependent upon it for distribution, then it is certainly a short-sighted policy to train the customer to purchase goods from other than his regular retail outlets."

"A strong, virile retail trade within your community, as well as throughout America, is essential to the continued profitable enterprise of almost all manufacturers."

L. E. Leverone, vice-president of the Stein Hall Manufacturing Co., of Chicago, in a reply to the above, wrote:

"Frankly, the importance which you have attached to this matter had not been realized by me before receiving your letter. I can see that it really can be and, as a matter of fact, already is a serious proposition."

"In our organization, and we have hundreds of employees, the practice of the employees in buying goods at wholesale through our purchasing department has reached very substantial proportions."

Almost No Product Immune

"The thing has grown until today automobile tires, electrical supplies, furniture, day old chicks and, as a matter of fact, everything imaginable is being bought through our purchasing department, everybody from the chief executive to the night porter participating."

"I can realize that unless this is effectively stopped our entire scheme of business may be thrown badly out of balance. I heartily approve of your action. In our case a bulletin will be posted at once, throughout our factory and in our offices, definitely and positively notifying all employees that the practice is stopped."

Two large trunk line railroads, one running east and one west out of Chicago, recently pulled down notices posted in their offices and plants, calling attention to a similar service which they were offering employees. One of the world's largest chemical manufacturers did likewise. A "Pull-

(Continued on page 407)

SALES MANAGEMENT



"Of course, Mr. Spotworth, we said we wanted more suds, but there's no telling what this might lead to if it gets too competitive!"

"Private Problems" Cause Butler to "Sell Out" to Store Managers

EARLY in January, John Hartford, president of the Great Atlantic & Pacific Tea Co., took full pages in newspapers of various cities to present a letter from William T. Dewart, president, New York *Sun*, and his reply.

Mr. Dewart wanted to know what A. & P. would do in the event that "confiscatory" taxes, already in operation against chains in several states, were extended generally. Mr. Hartford replied that probably A. & P. would sell its stores to their managers and confine its operations to wholesaling.

On February 24, Arthur C. Jones, general manager of the James Butler Grocery Company, 53-year-old chain, announced that it would sell its 483 stores to present managers and, with these as a nucleus, organize a 2,000-store voluntary chain in the New York metropolitan area, which Butler will continue to serve as wholesaler and coordinator.

80% of Managers Buy

Coming hard on the heels of the A. & P. letter, the Butler decision created the impression in some quarters that the general dissolution of the chains had already started. As a matter of fact, though, Mr. Jones told SM, Butler's course was caused by "private problems."

Butler operates almost wholly in New York and New Jersey, where the soak-the-chains movement has been kept in hand. In recent years, however, it has not operated profitably. The wholesaler-and-voluntary decision—the "Butler Mutual Merchandising Service" as it is formally called in the contract between the company and the managers, 80% of whom have agreed by now individually to buy the stores at an average price of \$2,000 each—is simply an effort to save a dying business.

Mr. Jones would not say this in these words, but the fact remains.

Irish Immigrant Jim Butler was in the chain store business in New York when old George Hartford was still primarily a coffee-and-tea merchant. He was the "Irishman's Friend." He imported workers from Ireland. With the Irish coming to New York in droves there was no lack of buyers for a good, hearty, gambling Irishman's wares.

The chain grew, until it had 1,300 green-fronted stores. Jim Butler became rich. They say that in his later years he became more interested in race horses and real estate than in store operations. They say that the morale, the management, the merchandise and the merchandising did not improve very rapidly. Other chains arrived and thrived. They say that even some of the Irish began to buy elsewhere.

At any rate, the number of stores dwindled. A year or two ago, following a strike, 87 more were closed permanently. Another James Butler, the founder's son, is president of the company now, but the bankers are in control. The "voluntary" plan is intended to take the company out of receivership, and to enable it to serve

Average income of the managers-turned-owners would be increased, he believes, from \$35 to \$60 a week. In some larger stores it might go as high as \$150. "Butler will gain," he explained to SM, "because the owners will do a better job. The owners will gain because they will get profit instead of salary. Consumers will gain because of reduction in waste."

"The owner and his family will do most of the chores—cleaning, stock-keeping, delivery, what-not—for which the chain formerly had to pay, and for which the consumer therefore was charged."

"Also we shall perform a lot of services for him, so that he can devote virtually all of his time to selling."

Stores to Advertise as Group

"In addition to a \$3,500,000 investment in warehousing, Butler operates coffee roasting and printing plants, laundry, bakery and egg candling department. We shall buy in large quantities, at low prices; place advertising for the group in newspapers (a radio program will start soon), furnish each store with a weekly circular, and maintain our own advertising department. We shall furnish legal advice when required, insurance, keep the store owner's books, suggest retail prices and gross margins on each invoice—even pay, at owner's option, all expense items in store operation."

Butler, of course, will deliver direct to the stores.

One part of the service is a course in chain grocery merchandising, including four books on groceries and four on fruits and vegetables. (Only ten stores in the Butler group now have meat departments, so there will be no course on this.) They will also be sent monthly *Chain Store Manager* and *Chain Store Age*. The green fronts will be retained but owners will be rented interior and exterior signs for their name.

For the service the store owners will pay a maximum of 5% of gross sales. An additional 2% is to be paid "as the only profit" which Butler will receive.

Currently, about 25% of Butler's volume has been in its own brands, Mr. Jones said, the rest in other

BY
LAWRENCE M.
HUGHES

as all-round supplier, guide and stimulator for the 483 stores which remain.

The announcement said:

"Our plan . . . allows former employees to participate to a far greater extent in profits. . . . First, we want to sell existing stores to present managers. . . . Secondly, we invite independent grocers to join our voluntary chain and buy through the company."

"The plan eliminates weaknesses in the present chain-store operation and independent grocery business. The chain-store weakness is that the manager has no control over his personnel. The independent store weakness is inability to advertise or buy on large-scale rates."

Of the average valuation of \$2,000 a store, \$1,500 is for merchandise and \$500 for fixtures. The company will assist managers to buy stores over a two-year payment period.

Volume of the group last year was \$15,000,000, or an average of about \$600 a week a store. With a staff of 20 men now out contacting independent grocers, Mr. Jones hopes to have the 2,000-store voluntary chain operating in a few months, and the company supplying them with "\$60,000,000 worth of merchandise a year."

brands, nationally advertised or otherwise. "The voluntary trend," he told SALES MANAGEMENT, "will be neither for nor against nationally advertised brands."

On the other hand, one clause in the contract stipulates that Butler will "furnish, pack, can or prepare or cause to be packed, canned or prepared, a reasonable assortment of merchandise under the Butler label which should net larger margin of profit (to the retail grocer) than do regular advertised lines, thereby making more profit for member stores."

Another clause is that Butler agrees to "obtain the maximum amount from manufacturers in the way of advertising and quantity allowances and pass such amounts on" to the retailer.

Butler will "call regular meetings of all member stores, that each and every one may benefit from the experience of other members, consult and endeavor to lessen the troubles and burdens of all."

The Rise of Voluntaries

Mr. Jones has figures compiled by the United States Department of Commerce to show grocers about the "decline of independents" and the "growth of voluntaries." In 1929 independents had 76% of the grocery stores, did 56% of the volume; chains had 12% and did 30 per cent; voluntaries had 12% and did 14.

In 1934, on the other hand, independents had 62 and did 40; chains had 13 and did 25; voluntaries had 25 and did 35. In five years, therefore, the number of voluntary units increased 100%, and their volume increased 150%.

In addition to solving its own problems, by becoming the first centrally controlled chain to be transformed into a "voluntary," Butler will try to ride to a new prosperity on the "voluntary trend."

Shell, Thermos, Wisconsin Tissue Appoint New Officers

Shell Petroleum Corp. promotes P. E. Lakin, former s.m., to v.p. in charge of marketing. Before being transferred to St. Louis as gen. s.m. in 1933, Mr. Lakin was in charge of a Shell marketing subsidiary on the Pacific Coast.

Irving K. Fearn, former gen. s.m. and assistant to the president of Ray-O-Vac Co., has been named gen. s.m. of American Thermos Bottle Co.

Wisconsin Tissue Mills appoints Emil J. Hansen as gen. s.m.

MARCH 15, 1936

The Scratch-Pad

The ides of March make me wonder whatever became of the Ides of Troy, who used to advertise collars in full pages.

The income taxes have been mailed, and we ought to be glad we have taxable incomes, to be sure. But it hurts to send that hard-earned dough to Washington, the way those fellows handle money.

Maybe a system of "double-sentry" bookkeeping would be good for Mr. Morgenthau's department, come to think of it.



T. Harry Thompson

The French have a word for it: "Derrière." The vulgar have many, including one that used to be a girl's name. But the boys in the club-car, I understand, now speak of it as the Twin Sitties.

Few advertising and selling ideas ever reach their peak of performance, ever have a chance to pile power on power through continuity, because they are discarded too soon. This is an indictment of those sales forces who always need "something new" as a shot in the arm. Bill Armistead, master salesman, used to say: "When you get hold of an idea that works, stick with it till hell freezes over."

Before playing bridge with an undertaker, remember that he may want to take you out in spades.

Harry Peebles, of the Albert Hill agency, Pittsburgh, wants to know if "The Scratch-Pad" has anything to do with the itch to write. It has, Harry, in-du-BIT-a-bly.

A free-lance artist (Name on request) defines a client as a man who always knows what he doesn't want—after he has seen it.

Speaking of definitions, here's one of my own: A copywriter is a newshawk turned salesman. The better news reporter he was, the better job of copywriting he will do. He sees through the reader's eyes, and that makes good salesmanship-in-print.

Mr. O. Thomas, sales manager of the El Rey Products Company, Los Angeles, wants a slogan for his roofing material. Here's one, a bit long but perhaps pertinent: "If you can't afford a Boulder Dam, stop that leak with El Rey."

Here's a common ailment the advertisers have overlooked: "Nutmeg-grater heel." Is there a hosiery manufacturer in the house?

Slogan for General Outdoor: "We Believe in Signs."

Incidentally, a recent independent survey makes an excellent case for outdoor advertising. If you drive a car (and who doesn't?) you can't escape those brief, powerful messages looming up through the windshield.

A contemporary column compliments an advertiser on the phrase, "girth-control." It was good even 15 years ago.

Many a man will thank Johnny Walker for packaging his potable in a square carton. It helps sidestep those obvious wisecracks in the elevator.

Kudos to Granville Toogood, of Ayer, for that cogent and timely spread, entitled "Friends and Neighbors."

Our maid (yes, I belong to Mr. Morgan's "leisure class") is about to be married. When her name and address appeared in the marriage license column, she was bombarded with mail from the commercial stork-defeaters. She has shown us this literature (accent on the "litter") and it is amusing, if a bit pathetic. If you would keep off sucker lists, keep your name out of the papers.

Slogan for my old friend, Carl Weeks, of Armand: "Your face is my fortune."

There was much ado last month about George Washington having thrown a silver dollar across the Rappahannock. First in War, First in Peace, and the first President to throw away money.

Another first seems to be Red Heart Dog Food—first to introduce variety into the canine cuisine. Which suggests a line: "Save the surfeit and you save all."

Tin Pan Alley should be able to do a song based on a bit of chance tram conversation reported by Ireland's Saturday Night (Belfast): "She has R. S. V. P. eyes."

You've heard, by now, of the Park Avenue dog-about-town who, in acknowledging an introduction, said: "Pardon my muzzle."

With a piano at \$885, Steinway should make a grand slam!

T. Harry Thompson

Grocery Interests Map Fair Trade Plans While Patman Probe Goes on

AT a February 25 meeting in New York, representatives of the Associated Grocery Manufacturers of America, National-American Wholesale Grocers' Association, Food and Grocery Chain Stores of America, National Voluntary Groups Institute, and National Retailer-Owned Wholesale Grocers approved a number of concrete proposals designed to protect the public and the various branches of the food and grocery industry from unfair and unlawful discrimination and deception as regards quantity discounts, advertising compensation, brokerage compensation and loss-leader selling.

It is the aim of the Conference Committee to harmonize the views of the various branches of the food and grocery industry upon these important trade practices and then to translate the committee's proposals into proper legal phraseology for submission to Congress.

On the subject of quantity discounts, the committee recommends that it shall be unlawful to give a quantity discount which is in excess of a reasonable relation to the benefit which the seller derives by reason of the quantity of sale—and further that it shall be unlawful for buyers knowingly to accept or demand any excessive or discriminatory quantity discount.

Special contracts for advertising compensation would be permissible, but only on execution of a written contract defining the payment for it and such a contract to be distinct from any sales contract, and providing that the payment is not in excess of a reasonable relation to the benefit which the seller derives

What Is a Loss Leader?

The section on loss-leader selling reads as follows:

"It shall be unlawful for a distributor or dealer to sell or offer goods below cost

- with the intent of inducing or when it has the effect of inducing the purchase of other goods at a profit, or
- with the intent of, or when it has the effect of, unfairly diverting trade from a competitor or otherwise injuring a competitor;
- where the circumstances of such sale or offer or purchase are likely to deceive or mislead any purchaser or prospective purchaser, or
- where the effect may be to substantially lessen competition or unreasonably restrain trade or tend to create a monopoly,

and it shall be unlawful for any trade purchaser, knowingly, to accept or demand any such sale or offer of goods below cost. [Cost as used herein shall not be less than (a) below or (b) below, whichever is lower, namely:

- (a) the net invoice price (plus freight paid, if any) covering merchandise sold; or—
- (b) the net replacement cost which in the trade area is at any time within 30 days prior to date of sale, available to the distributor or dealer for replacing such merchandise.]

Provided, however, that nothing herein contained shall prevent a distributor or dealer from acting in good faith to meet competition, or in good faith to close out his stock of an article or articles, or to dispose of perishable or seasonable or defective goods in order to avoid loss."

Patman Committee Hearings

Hearings conducted since the last report made in SALES MANAGEMENT covered special discounts, advertising allowances and brokerage contracts received by the Independent Grocers' Alliance, National Retailer-Owned Grocers, Inc., Safeway Stores, Inc., David Pender Grocery Co., H. G. Hill Co., National Tea Co., S. H. Kress & Co., F. W. Woolworth Co.—and the allowances granted to various retail outlets by the Charles Phillips Chemical Co., American Tobacco Co., The Bayer Co., B. T. Babbitt, Inc., Philip Morris & Co., Armour & Co., and Liggett & Myers Tobacco Co.

Dr. Julius Klein, former director of the Bureau of Foreign and Domestic Commerce and Assistant Secretary of Commerce, now a business consultant, testified that he had been employed by the Irving Trust Company to analyze the affairs of the United Cigar Company and the Whelan Drug Company. One of the interesting passages in his testimony had to do with the subject of advertising allowances. His investigation of the United Cigar Stores convinced him that the advertising allowances were entirely too heavy for the good of the company.

"There is a logical basis for advertising allowances in general," said Dr. Klein, "but it is so easily susceptible of expansion, extension, and exploitation in general that I had the feeling that the company was deriving, relatively, too large a percentage of income from that source and that, correspondingly, they were not required to put quite so much stress in doing a good merchandising job on their regular bona-fide operations; that it

seemed to me it was an unusually vitiating influence—that is to say, they were getting very easy money."

Dr. Klein and the chairman developed another interesting point—that with the Federal Deposit Insurance Corp. insuring all bank accounts up to \$5,000 there was no longer any particular incentive for the chain stores immediately to draw out all their money from local communities and that now there is a distinct trend on the part of chain store operators to scatter their deposits throughout the country.

Dr. Klein also brought out a point which probably was not to the liking of those committee members who are sponsoring proposed fair trade legislation—the analysis made by the Commerce Department and the Yale Law School a few years ago which showed that an amazingly small number of retail bankruptcies were attributable to competition, somewhere in the neighborhood of 1½%. Inadequate capital and inadequate experience were the major reasons for retail failures.

Safeway Analyzes Allowances

In omitting the list of discounts and allowances received by Safeway Stores and its subsidiaries, including the Western States Grocery Company, the president of the corporation said, "We have certain other ideas regarding the subject of so-called advertising and quantity allowances which we think might be of interest to the Committee:

"1. We believe that in many cases the amounts represented by so-called advertising allowances are a part of the purchase price withheld by the vendor for the purpose of penalizing those who fail to advertise and promote branded products, rather than extraordinary compensation for such advertising and promotion.

"2. In many cases, free goods, cash, or premiums are delivered direct to distributors, of which no record is kept by either the manufacturer or the distributor. If the value of these items were computed, it is my opinion that they would be found to be equal to, or greater than the sums received on the same unit of purchase by the Oakland office of Safeway Stores, Inc.

"One of the great problems confronting the manufacturers of branded products in soliciting the featured support of their brands is that the value of a purchase made by the average size individual store is small, and in order to interest the owner of the store in featuring manufacturers' branded products, the solicitor must offer the retailer some inducement either in free goods or cash, and if the amount is small, it is not of interest to the retailer. In order to make the value of the free goods or the amount of cash of interest to the retailer, the manufacturer is forced to pay an amount which, if applied to the actual purchase of the product, would probably equal a discount much greater than the allowance made to the operators of multiple stores with whom contractual arrangements have been made to feature the same branded products.

"3. Safeway has consistently refused to accept so-called advertising allowances from companies which have demanded so much in the way of promotional and advertising activities, that to meet such demands would interfere with the service which Safeway renders to its customers. It has felt that to accept such advertising allowances might be the signal for the manufacturers offering them to send in their sales-promotion men to call on our stores and overstate the importance of their products, to the end that our store management might become unduly influenced to give more than a proportionate amount of time, display, and sales-

promotion efforts to such products, to the injury of our general business and to the disinterest of our customers.

"4. Safeway has always exercised great care in its promotional efforts. It has always reserved the right to accept or reject plans offered it by the vendors from whom it purchases its products. Its yardstick has always been the value of these products to its customers measured by the cost of selling those products to its customers at a price which the customers can afford to pay.

"5. The time any retail store can give to such effort is limited to a number of items far below the total number carried and when such efforts are made, they should be rendered after a carefully prepared agreement is made. Any income derived therefrom should be treated as other income for extraordinary services agreed upon and rendered and not as a part of the cost of the merchandise, and no such income should be reflected as reducing the cost of merchandise.

"Of necessity, it is impracticable for a retail grocer to attempt to give sales promotional service to any great number of manufacturers' branded products, for the reason the customers become antagonized by forced selling effort covering too many products.

"6. Advertising allowances may be given in good faith by brand manufacturers to certain types of distributors, and the distributor treats the allowance as a reduction in the cost of the product rather than using a part or all of such allowance in helping to defray the expense of actual advertising or sales promotion agreed upon.

"7. In general, most of the so-called advertising allowances, quantity discounts, store average discounts, aggregate quantity discounts, etc., are devices of brand promoters and not of purchasers and have been made available to the headquarters organizations of loosely knit, so-called voluntary chains, or buying groups who have neither a plan nor the mechanics for delivering the services which they agree to render.

"8. The cost of featuring and promoting the sale of any brand or product is far in excess of the amount of money spent for actual newspaper space, for in addition to newspapers, the following services are added:

- (a) Sales promotion activities are carried on by word-of-mouth of the store personnel calling attention of the customers to the individual brand product.
- (b) Use of windows to display the merchandise.
- (c) Making of mass floor displays.
- (d) Displaying store signs and banners.
- (e) Giving unusual store position.
- (f) Increasing shelf space allotted to product.

"9. The practice used by some brand manufacturers in giving valuable premiums for a short period in order to stimulate the sale of their products and to cause distributors to stock their products, can be termed 'high-pressure selling.' The value of the premiums when translated into percent allowances is often far greater than the manufacturers could continue to give to their distributors. We believe this practice is vicious and have consistently discouraged it.

"10. When brand manufacturers and retail distributors can mutually agree on a plan of sales promotion and a fair compensation for the distributor in featuring such a promotion, such an agreement should be expressed in a contract fully setting forth the terms of the agreement as to the services to be rendered by the distributor and the payment to be made by the manufacturer.

"11. It has been Safeway's policy to make contracts with manufacturers of branded products only when Safeway felt that such products were of sufficient importance to justify the manufacturer paying Safeway an amount sufficient to cover Safeway's out-of-pocket expense in featuring said product, and to pay it for the extra expense and effort involved in rendering such services."

on request, haul any model to the studio and take it away for a mere "Thank you."

The only stipulation is that the picture appear in a publication with more than 50,000 circulation or in several media with that much combined circulation. Lawrence H. Selz, Merchandise Mart, Chicago, publicity counsel for the Association, is the man to get in touch with for loan of an upright or grand in Early American, Modern or any other period.

Advertising Campaigns

[Old and New Products as Promoted in Newspapers, Magazines and Radio to Dealers and the Public]

Centipede Grip

U. S. Rubber is raising quite a hubbalooboo over its Centipede Grip tire whose "de-skidded process stops forward skids" with "more than a thousand gripping rubber fingers." Newspapers, magazines, trade papers and spot radio, state agents Campbell-Ewald, will ding the tire into the national consciousness.

Exactly how many publications and stations will be employed C-E is not at liberty to state. U. S. Rubber officers hold their cards close to the vest and reveal nothing to inquiring reporters. However, it will be "one of the largest campaigns in U. S.'s history."

The Centipede Grip is an improvement with which U. S. Rubber engineers have been tinkering for three or four years. They got it precisely as they wanted it and then held it for a propitious moment.

When General Tire brought out their "new era," multi-vane tire the time seemed ripe. To a layman, both tires appear similar, though we wouldn't dare whisper that around the C-E office. Both undoubtedly are safer than older types. At the hour of going to press, U. S. is turning on the advertising heat a little stronger.

MARCH 15, 1936

First a Toe, Then a Dive

Tide Water Oil Co. stuck a questioning toe into the test towns of Scranton, Albany and Hartford last month for Tydol gasoline. Lennen & Mitchell, the agents, also ran a Veedol test in Syracuse, New London and Norwich. The best-pulling copy themes are being kept under blankets until they're ready to release nationally.

In spite of cold weather, Tydol sales rose 15%; Veedol jumped 25%. Assured that the water was fine, Tide Water advanced Veedol's ad budget 100%, and O.K.'d a big splash for Tydol. The latter will appear in 730 newspapers—500 dailies, 230 weeklies—from the Atlantic to the Rockies, on billboards, by direct mail and on 15 radio stations for 15 minutes, 15 times a week.

Veedol's historical series in five national magazines will be changed to direct selling talks about "Pennsylvania grade crude oil base." Newspapers for the motor oil are confined to the eastern part of the country.

Free Pianos

Photographers and ad agencies who want to picture a piano may have the use of one for nothing. The National Piano Manufacturers Association will,

What's important, and why... in

Millinery for Milk Bottles



After heated milk leaves the dairy, it travels for miles and stands for hours before it reaches your ice box. Your only complete insurance against contamination or dilution lies in the right kind of milk-bottle millinery—in a bottle-top sealed on so sure that it can't possibly be tampered with by anyone without your knowledge.

KEEPS OUT STREET DIRT

A Welded Wire Seal not only provides a complete and enduring protection against street dirt and other sources of contamination but also provides other important advantages.

YOU ARE THE FIRST

It gives you absolute certainty that you are the very first person to open the bottle.

HURRY—see this Welded Wire Seal on your milk. If your dairy does not use it, write for facts and we will tell you where it can be purchased in your locality. The Welded Wire Seal and Seal Corp., 1100 Madison Ave., New York, N.Y.

KEEPS THE BOTTLE UNWASHABLE

It keeps the bottle clean, the mouth, which has been proven germ-proof at the dairy, so immediately after that there is no possibility of the milk coming in contact with anything that would spoil it.

THE STANDARD **Welded Wire** SEAL

THE NATIONAL TRADE MARK OF BETTER MILK AND CREAM

Copy and illustration click

Even If They Don't Buy

"We can't advertise to consumers," argue some concerns even in this day of enlightenment; "the consumer doesn't buy our product. It's sold to other firms exclusively."

Standard Cap and Seal Corp. is not one of the companies adhering to such stick-in-the-mud reasoning. Standard's "Welded Wire" seal for milk bottles is never bought over a counter by Mrs. Housewife, yet the company feels that if she knows its advantages she will demand that her dairy use it. Therefore, through agents Fletcher & Ellis, the seal's virtues are set forth in consumer magazines.

Woman's Home Companion, McCall's, Good Housekeeping, Parent's Magazine, National Parent Teacher Magazine and the Ladies' Home Journal.

(Continued on page 408)

B Y

V. P. McKINNIE

Advertising Manager, Ward Baking Corp.

500,000 Kids Join Ward's Radio "Press Club"; Sales Gain

WHEN, late last year, we decided to direct our radio appeal to a juvenile audience, we were faced with a rather unusual problem. A respected, though unwritten, agreement in the baking industry prohibits the use of premiums as a direct sales stimulus. Yet even superficial study of children's programs shows that most of them rely on just such an appeal. Box tops, wrappers, or sales slips in exchange for prizes, pictures, or club memberships have become almost standard of practice for this type of program.

We wondered, naturally, whether we could increase our sales of Ward's Soft Bun bread and Silver Cream pound cake with a children's program that didn't follow the usual pattern; that didn't include a direct buying requirement. We also realized that a successful children's program needs more than a good script to hold the sustained interest of its audience. Our thought was that we could devise an interesting program, observe the industry's agreement, and at the same time improve business. That Ward sales increased considerably during the first twelve weeks of the campaign is sufficient evidence that the idea was correct.

"News of Youth" goes on the air for 15 minutes, three times a week. It is built out of news stories—not fiction—in which children play the principal parts. Some of these stories are contributed by the audience, others are taken from the daily press. (One hundred papers are clipped each day for material to be used in this program.) Usually a program will consist of three dramatized stories, selected with variation of content primarily in mind. A typical broadcast will include one rescue story with high suspense value, one human interest story, and one humorous episode. A 17-year-old boy, Scoop Ward, acts as news commentator and general master of ceremonies.

Unlike many juvenile programs, "News of Youth" is not a serial, and

A seventeen-year-old boy (extreme right) is master of ceremonies and even younger children perform news dramas on the baking company's program.

does not depend for its suspense on concluding each installment at a climax in the story. Sustained interest, we felt, could be more interestingly held by giving juvenile listeners a chance to participate in the production of their program. We invited them to join our Scoop Ward Press Club and serve as reporters who would send in stories to be considered for use in the program. Each member receives a reporter's badge for the asking, and each week cameras are awarded to the writers of the ten best stories submitted. Later on, typewriters will be substituted for cameras as a suitable reward for successful reporting.

Our program, following the plan outlined, first went on the air December 17, 1935, over a hook-up of 11 Columbia stations. To be prepared for the largest response we might reasonably expect, we had 50,000 Scoop Ward badges ready for distribution at this time. They didn't last long. At the end of six weeks there were 123,289 reporters enrolled, with an average of 8,500 joining every day. At the end of nine weeks, the last time that the program was broadcast over its original network, that number had grown to 283,584. Our first estimate of the program's drawing power was useful only as an example of the ultra-conservative. (See editor's note at end of story.)

Just as impressive was the reaction we began to get from areas not covered by the broadcast. Ward branch offices in territories outside the direct influence of our 11-station hook-up soon asked for a share in the benefits which were beginning to be felt in more favored areas. Children, also in outlying districts, wrote for memberships and



requested that the program be broadcast over their local stations.

On February 18 eight stations were added to the original network; a ninth station, in Detroit, was added the following week. Members enrolled in the Press Club through these new stations alone totaled 37,839 after only four broadcasts; and daily enrollment soon reached a peak average of 10,000. Membership in the club today stands at well over half a million.

The campaign, before it was inaugurated and throughout its progress, has been well merchandised to the Ward salesmen who serve the retail trade. These men were summoned to district meetings before the initial program was put on the air. At these meetings the details of the program and the purpose of the campaign as a whole were fully explained. Dealer displays and truck posters were provided, and the men were instructed to pass the story on to their dealers.

These salesmen were also given club membership application cards which children may secure from retailers and which thereby serve to increase traffic at the grocer's. Although less formal written application is acceptable, children are told about these cards during commercial announcements and a large percentage of the applications are made through their use. Dealers can get cards only through the Ward salesmen. In this way the salesmen have been given concrete evidence that the program is pulling for them, and their efforts in cooperation have reflected their enthusiasm.

Perhaps some credit for the program's success should be given the sliding seasonal slant in sports which we have tried to maintain since the begin-

SALES MANAGEMENT

ning. During the cold weather, skiing and skating championships were discussed, and juvenile title winners have been interviewed. Later we plan to focus attention on baseball and tennis, with the same emphasis on the exploits of the young in these fields. Commercials project this feature to point out how important bread is in an athlete's training-table diet and, in fact, the diet of any successful and active man or woman.

Here, then, we have a children's program which has produced very satisfactory results without any direct sales stimulus in the form of buying requirements. A goodly share of credit for the response must go to radio, since only opening announcements appeared in a few comic section newspaper advertisements. Indications are that the good will and increased business which this program has brought us will be permanent.

(EDITOR'S NOTE: An interesting discrepancy turns up in Ward's response to this program as compared with the Crosley Cooperative Analysis of Broadcasting report for the period ending February 11. For the 11 stations used by the Ward program, the Crosley rating for the program is 1%. Since the area covered by this group of stations has a 6,000,000-home potential, this would mean that the Ward program had only 60,000 listeners. Ward's check-up shows, however, that 250,000 children belong to the "Press Club" in the area analyzed.)



Carl H. W. Ruprecht succeeds A. E. Tongue as manager of the publicity division of Underwood Elliott Fisher Co. Mr. Ruprecht goes to UEF from the Dictaphone Sales Corp., where he was assistant to the v.p. For 14 years he was with the McCann-Erickson ad agency.

Make-Your-Own-Ensemble Plan Helps Botany Out of Red

BOTANY WORSTED MILLS, Passaic, N. J., have capitalized on the home-knitting trend by a plan to save money and labor for the knitter.

It consists of skirt and sweater ensembles—material in skirt lengths and matching yarn for sweater—packed together in a Cellophane "kit." (This package received an award as "the most effective combination sales unit" at American Management Association's annual Packaging Exposition at New York early this month.)

Knitting the sweater, of course, is the hardest half of making the ensemble. Women have a way, SM learns, of failing to estimate accurately the amount of yarn needed. Maybe the yarn supply fails when the knitter has completed all but two inches of the final sleeve. It is all very disheartening.

Botany Makes "Matching" Easy

One may buy more than enough yarn at the start (which, the Botany people say, is expensive and also wasteful, because there is probably not enough left over to do anything else with). Or one may buy what seems to be just enough, in the hope that all factors have been taken into consideration.

Some yarn makers have sought to meet the problem by "guaranteeing" that the yarn in a particular package will do a particular job. But even when this works out, the Botany people say, it requires a large initial investment by the consumer. Sweaters sometimes are the work of weeks or months. Wouldn't women rather spread their investment over this period? And wouldn't they, in the event of a shortage, like to be assured that they could get the identical yarn in the identical color on which they had originally set their minds?

Before Botany introduced its combination unit, direct to stores in the East, last September, the problem of "matching," it seems, was quite serious. Then Botany started to emphasize the fact that, instead of being skeindyed, its yarns were dyed in the raw scoured wool. Every yarn was identified by a color number. A woman need remember only the color number to knit, if she desired, a sweater for Carnera.

The stores and consumers liked the ensemble idea. The stores, in a sense,

like the "remember the color number" part of the plan. It meant smaller inventories, but it also meant that consumers would not buy so much yarn at one time. Consumers, on the other hand, were quite preponderantly in favor of the whole thing.

Like a lot of other textile product companies, Botany Worsted Mills have had troubles. This company, in 1934, had lost \$856,314. But unlike some of the others, Botany, under Col. Charles F. H. Johnson, president, decided to do something about it. The "doings" called, among other things, for diversifying the line and exercising merchandising ingenuity on the additions. The result was a net loss of only \$93,606 last year, and the expectation of a profit in 1936.

One factor was introduction of men's neckties, sales of which in the first two months of this year, for instance, Col. Johnson said, were \$173,000, as compared with \$674,000 in all of 1935.

The knitting yarn department, inaugurated last September, under direction of Fred Davis, also has had a rapid rise. In the last four months of 1935, stimulated largely by Christmas demand, sales were \$270,890. In the first two months of this year shipments of this department were \$102,000, and sales were larger than that. It is expected that sales of the department for the year will exceed \$1,000,000. Already the ensemble plan has had something to do with the fact that Botany's entire volume in January and February was \$3,000,000, as compared with \$2,400,000 in the parallel period of 1935.

Backed by Heavy Advertising

In the last six months Botany salesmen have developed 3,000 outlets for the ensemble in eastern department and specialty stores, and have just begun to line up the Midwest. A national sales force is being organized.

Folders on specific ensembles have been prepared for dealer distribution. Some are on materials and prices. Some give detailed instructions on "how to make this Botany Origination." Alfred J. Silberstein, Inc., New York, the company's agency, has prepared advertisements for dealer use, and in addition the larger stores are writing their own copy about Botany ensembles. McCreery's, New York, (Continued on page 414)

Readers Help to Plan SM's 1936 Survey of Spending Power

A. D. Brush of Abbott Laboratories and five others win prizes in contest for best criticisms and suggestions—1936 Survey, enlarged and improved, to be published April 10.

FOLLOWING the publication of the 1935 Survey of Spending Power, SALES MANAGEMENT offered some prize awards for the best letters telling how the Survey data were applied practically and profitably by subscribers, and for suggestions on betterment of future issues.

The editorial staff of SALES MANAGEMENT acting as a jury awarded first prize—\$50 in cash—to A. D. Brush, director of sales planning and research, Abbott Laboratories, North Chicago, Ill., for his splendid contribution which is printed on this page. A. H. Caperton, director of markets, Tracy-Locke-Dawson, Inc., Dallas and New York, won \$25 as second prize, and the third prize of \$10 was won by C. E. MacDonald, president, Continental Mills, Inc., Seattle. Honorable mention prizes of \$5 each were given to Herbert V. Mercready, advertising manager, Magnus Chemical Co., Garwood, N. J.; R. W. Evans, sales promotion manager, Ochiltree Electric Co., Pittsburgh, Pa.; and D. C. Whittinghill, sales research manager, Hood Rubber Co., Inc., Watertown, Mass.

Mr. Brush's prize winning letter follows:

I wish to congratulate you most heartily upon the 1935 Survey of Spending Power. It is, in my opinion, by far the best and most useful which you have produced.

I have been using your annual Survey for a number of years in connection with all of our market analysis work, and have always found it accurate and helpful. Having frequently checked it against other indices, I have come to have a very healthy respect for it.

Of particular importance is the fact that this Survey provides me each year with reliable up-to-date figures on actual spending power such as I have been unable to locate elsewhere. In these days of rapidly shifting potentialities, the need for statistics of recent origin is very great. Your figures, revised yearly, enable me to spot quickly the relative changes in the various markets. By using your figures of several years ago as a base, I also get a definite picture of the progress or retrogression of each market.

You have greatly improved the current issue by showing more factors in their relationship as a percentage of the U. S. total. This saves me much work, as formerly we found it necessary to calculate them.

Your inclusion of 1933 official retail sales and the percentage of U. S. total for

food, clothing, automotive, general merchandise, and drugs is a master stroke. This enables me quickly to compare the amount actually spent in retail stores with the potential spendable income. Naturally the figures on retail drug sales are of great importance in our business. Your percentages, used in connection with our own analysis made from the Department of Commerce reports, provide us with an additional measuring rod for potential sales which is invaluable.

I am glad that you have again reproduced the figures on spendable income for each county since our market analyses are

on the county basis. I feared that I would be deprived of a most useful tool when the 1934 edition was not so arranged.

We use your Survey in many ways. From it, in connection with our figures on our local representation, we determine the sales potentialities of each state, trading area, important city, sales district and sales territory.

It aids us in planning our program for expansion in our sales force, enabling us to determine how many representatives we should have in each state or trading area. It assists us in determining the outlines of the various sales territories. It helps us in establishing sales quotas and in checking sales results.

It is difficult to suggest how you might improve upon it, when one takes into consideration the necessary limitations of available type space. If it were possible to do so, I think it might help if you could show the percentage which each important city bears to the county in which it is located on population, spendable income and retail sales.

Also the actual figures, as well as percentages, on retail sales for food, drugs, etc., by counties would be helpful.



1st
Prize:

A. D. BRUSH
*Director Sales Planning and Research,
Abbott Laboratories, North
Chicago*

He finds time for writing magazine articles, fishing, Boy Scout activities and pursuing a keen interest in how other people live—in addition to his work with Abbott where he has spent his entire business life of 25 years.



2nd
Prize:

A. H. CAPERTON
*Department of Markets, Tracy-Locke-
Dawson, Inc., Dallas and
New York*

A native Texan and a graduate of S.M.U. (he doesn't admit it but he probably lost his shirt on the Stanford game!). Advertising manager of a dry goods chain before joining T-L-D in 1931. Now in charge of the agency's Ponca City office on a special job for client, Continental Oil Co.



3rd
Prize:

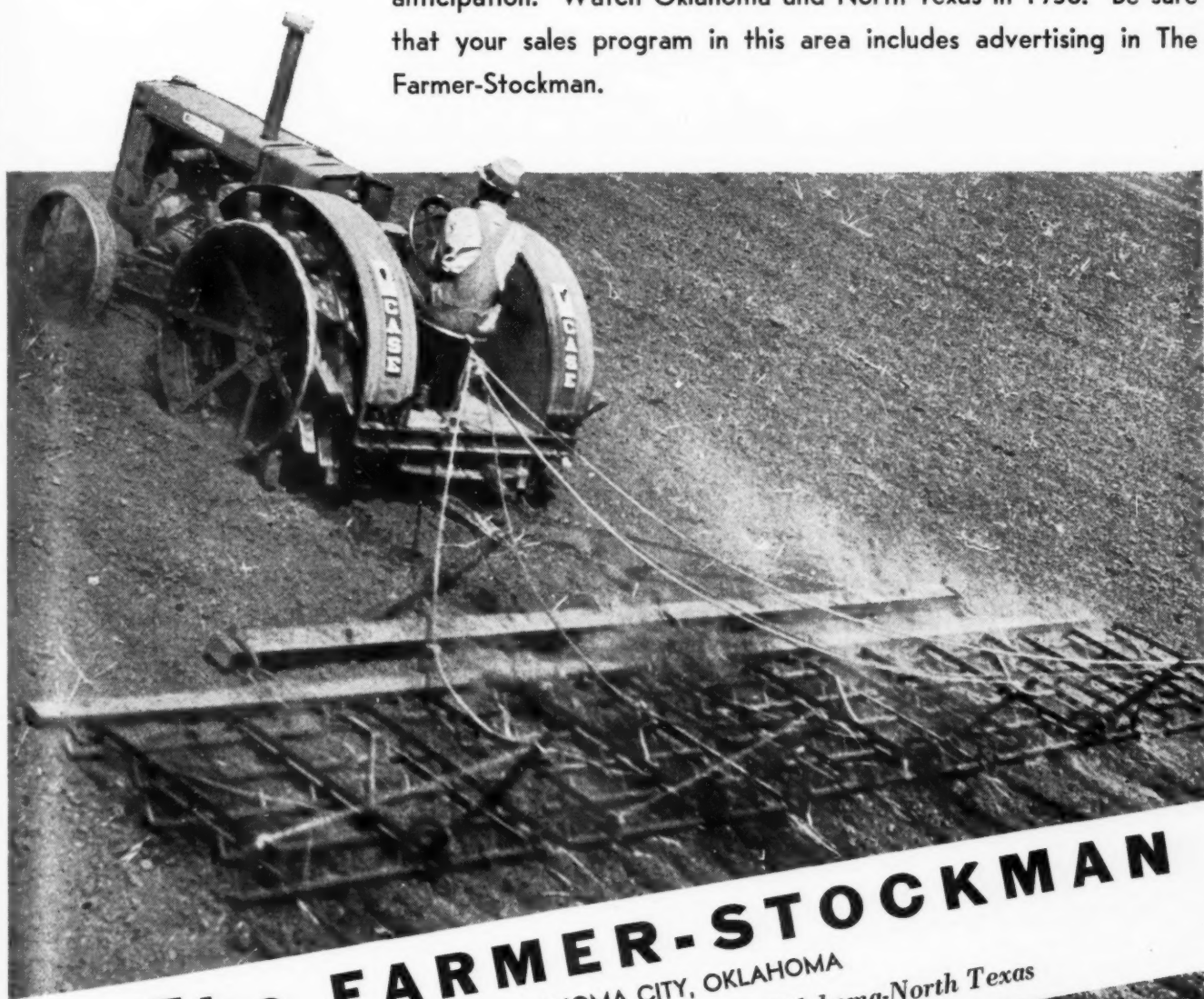
C. E. MACDONALD
President, Continental Mills, Inc., Seattle

His golf game is abominable but his business record is beyond reproach; with the C. M. St. P. & P. Railway for nine years in freight traffic work, twelve years in furniture manufacturing, four years as a manufacturing agent and food jobber. For the past three years he has been hanging up records as president and sales manager of Continental.

They're breaking ground for 1936 sales increases in Oklahoma-North Texas

Seed-beds are being prepared in Oklahoma and North Texas. Oat planting is under way. And these farmers who, with a farm income of \$369,983,000 in 1935, topped the 1934 figure by 12% are anticipating another increase of at least 25% in 1936.

Soil and moisture conditions throughout the territory warrant this anticipation. Watch Oklahoma and North Texas in 1936. Be sure that your sales program in this area includes advertising in *The Farmer-Stockman*.



The FARMER-STOCKMAN

OKLAHOMA CITY, OKLAHOMA

More than 225,000 Circulation—Covers Oklahoma-North Texas

MARCH 15, 1936

[367]

The index figure on retail sales is very good; a similar index figure on spendable income would help materially, but you are limited as to the page size, etc., and could not add these further statistics without an expensive change in format.

You have, however, done a remarkably fine job in condensing really vital information into very convenient and usable form. I should hate to see it discontinued.

Used by Continental Oil

Mr. Caperton pointed out in his letter that in conducting a survey for T-L-D's client, Continental Oil Company, to check their sales of motor oils and fuels against potential volume, the SALES MANAGEMENT Survey of Spending Power had been a "Bible." He says that the way they have used it can be outlined about as follows:

"1. The general nature of the information—population, retail sales, spendable money income and new passenger car sales—has a direct bearing on total potential motor oil and motor fuel business.

"2. The distribution of the client's products made the county breakdown of the above more useful, since the greater volume of sales are made in smaller towns and cities.

"3. The record of new passenger car sales for both 1933 and 1934 served as a basis for establishing potentials for both motor oil and motor fuel. That is, a trend up or down served as a guide for setting up our potential.

"4. By having a separate breakdown for certain cities we were able to divide our potential figure into two parts for certain counties.

"5. The '1934 Passenger Car Registrations per 1,000 Population' served as a further guide for setting up total potential volume figures on motor oils and fuels by states.

"6. The sectional division of the Survey made it convenient for us since we were more concerned about some sections of the United States than others.

"I would like to see the next edition contain a column showing the total motor vehicle registrations by counties. This would be very useful and would serve as a good index to spending power. The information could be obtained for the end of the preceding year."

Editor's Note: Mr. Caperton's suggestion has been followed and the 1936 edition will show 1935 passenger car registrations per 1,000 families, by counties.

Index to Ad Money Needed

Mr. MacDonald, the president of Continental Mills, used the Survey to determine their potential market in a program of progressive market development. He says:

"We knew that we already had one steady user in 60 families in some territories and what it cost us to reach that degree of consumption, so we added a column headed '1 in 60 families' and determined how many expected users we would have on that basis in certain cities and states. From the total families, reduced to '1 in 60,' it can be seen at a glance

what '1 in 30,' '1 in 10,' etc., would be, and an estimate can be made of the advertising money necessary to reach those objectives. It also shows where too much can be spent.

"If only one package per month was used per family, the expected sales return at factory price is found and from that the amount of advertising money that would be released from such sales is obtained. We can tell in which territories a certain advertising expenditure is too much or too little. In some towns the advertising money released from sales to '1 in 60' families is so small as to have no effect. In such places it might be wise to aim at 1 in 15 immediately."

The Magnus Chemical Co., according to the letter by Herbert V. Mercready, advertising manager, used the 1935 issue as a basis for setting up a five-year plan in which they have set up definite objectives and are checking their present accomplishments against those figures as they go along.

The Ochiltree Electric Co., distribu-

tors of General Electric refrigerators in the Pittsburgh area, thought that they knew every part of their territory and the potentialities represented. "Probably this was another case of being so close to the forest that we could not see the trees. Nevertheless, in some areas where we had accepted hard luck stories because from outside appearances it looked as if the dealer were right, we found that your Survey of Spending Power told us that in these particular districts people had more money than in other territories, . . . today these territories are actually producing a profitable amount of business for our company."

Mr. Whittinghill of the Hood Rubber Co., made the suggestion, among other things, that the survey should give the percentage of population of each county and city to the State totals. His suggestion has been followed.

HONORABLE MENTIONS:

DEXTER C. WHITTINGHILL

Manager, Sales Research, Hood Rubber Co.,
Watertown, Mass.



A native of St. Joseph, Mo., who decided in 1916 that a young man should go East. He has been with Hood from that year on—in such varied capacities as accountant, branch office manager, Far Eastern representative and, for the past four years, manager of sales research. He plays a fair game of golf and boasts an active stamp collection. But travel is his number one hobby.

R. W. EVANS

Sales Promotion Manager, Ochiltree Electric Co.,
Pittsburgh G. E. Distributors



His sales experience began in his uncle's cross-roads general store when he was twelve. He plays the drums well enough to have made them pay his way through college. Sold advertising four years on a local magazine which he also published. For the past six years he has been promoting G. E. refrigerators. Likes his work so much that it's his only hobby now.

HERBERT V. MERCREADY

Advertising Manager, Magnus Chemical Co.,
Garwood, N. J.



He learned about selling by being a purchasing agent for five years. Member of the staff of two important New York advertising agencies before founding one of his own just before the crash. He helps support the gasoline companies by making frequent tours with his wife and child. He does *not* play golf.

HIGH WATER MARK!

FOR EACH SUNDAY
IN FEBRUARY

THE NET PAID CIRCULATION

OF THE

SUNDAY  NEWS
NEW YORK'S PICTURE NEWSPAPER

EXCEEDED

2,900,000

THIS IS BY FAR THE LARGEST
NEWSPAPER CIRCULATION IN AMERICA

Marketing Flashes

[New Products—New Jobs—Sales Strategy—Promotions]
—Fresh Developments in Linoleum, Marble and Sausage]

Safety Film

As part of the motor industry's assault on reckless driving, De Soto division of Chrysler releases a sound slide film, "De Soto's Answer to America's Plea for Safety." Twelve hundred dealers are exhibiting it in their showrooms; schools, clubs, and civic organizations may also borrow it.

While not ignoring the appalling consequences of auto accidents, the film points out that there is only one fatality for every 6,250,000 miles of motor travel, and only one accident of any sort for every 250,000 miles. Pedestrians are involved in 38% of all accidents, and are to blame for at least 60% of the accidents in which they are hurt. Eighty-five per cent of all smash-ups take place in clear weather; 74% on dry pavements.

As a conclusion, the picture dwells upon De Soto's safety features—hydraulic brakes, safety glass, etc.

Little Men on the Air

You don't need a barrel of money to be an NBC advertiser, that network points out. Last year 37.8% of its clients spent \$50,000 or less. Over half spent from \$100,000 downward. Only five advertisers, 3.4%, spent more than a million.

In 1935, 95.1% of NBC's gross revenue came from clients who had used the chain previously. The percentage of old advertisers who renewed contracts was 84%.

Armstrong's Advice

Armstrong Cork Products Co. joins the growing number of firms who are endeavoring to show wholesalers how to save money by efficient accounting practices. A manual of accounting procedure has been sent to all the floor-covering company's wholesalers because many "distributors have expressed a desire to improve their methods."

The Armstrong controller's department stands ready "to serve as a confidential clearing house to consolidate operating statements, providing a sufficient number of wholesalers adopt the plan to make this further step possible and worth while. Statements would be tabulated and averages computed for the group, enabling the individual wholesaler to make comparisons of

his showing with that of the group averages."

The manual, prepared by Armstrong's chief accountant and controller, Earl Green and G. M. Arisman, explains income and expense accounts, balance sheets, inventory, stock control, etc. It ought to be a compass to distributors wandering in the woods of finance.

"Your Pocketbook"

Walter C. Ayers, s.m. of Electromaster, Inc., Detroit, writes an in-



W. C. Ayers

formal sales manual with that title for electric range sellers. Although he places most emphasis upon his own company's product, the booklet gives innumerable selling tips to all electric stove dealers. The style is easy, man-to-man, with a complete

absence of guff and platitudes.

The author, formerly with Kelvinator, and for the last five years with Electromaster, knows from first hand the perplexities and blank walls which electric appliance salesmen run into. A first edition of his book is now being distributed to utility men in Detroit. Its reception was "remarkable," according to Electromaster's ad mgr., H. L. Joseph Humphrey.

Luminous Marble

The Mellon Institute of Industrial Research and the Vermont Marble Co. have found a means of treating certain marble so it is translucent. "Lumar," the name given the product, may be used for window panels comparable to stained glass. Then, with electric bulbs behind Lumar, it can be employed for interior and exterior decorations. Obtainable in a wide variety of shades and types, each panel may be illuminated in every degree from a dull warm glow to a brilliant radiance. Nature, furthermore, never creates two pieces of marble exactly alike.

V. M. Co. expects the new process to meet with approval from architects and decorators seeking fresh ideas.

Bitters With the Bologna

Angostura-Wuppermann Corp., trying to broaden the uses for Angostura bitters, is lining up sausage packers, licensing them to "flavor-cure" wieners, liverwurst, pork sausages, etc.

"A limited number of packers of unquestioned reputation" will be authorized to put "this world-renowned stomachic and appetizer" in their meats. "Angostura intensifies the aroma of the other spices. Creates flavor fixation," state current ads in *National Provisioner*. A-W has patents pending "covering every kind of aromatic bitters employed as part of the curing operation."

Hot dog business is not so hot, the packers are complaining. An Angostura tag on their products, "Tang, appetite, flavor, zest," may be precisely the pick-me-up needed. Should sufficient packers take out Angostura licenses to give national coverage, A-W's agents, Donahue & Coe, are all set to unlimber a national newspaper and magazine campaign. For the present they are simply "feeling our way," watching how many licensees come in from the *National Provisioner* series.

Merry-Go-Round

W. J. Dickinson, formerly of American Ironing Machinery, Chicago, becomes s.m. of Automatic Washer, Newton, Iowa.

Paul Eager, formerly sales promotion mgr. of Julius Kayser, transfers to the same post with Marshall Field's manufacturing division. His headquarters will be in New York.

H. S. Cheney is bound for California (with or without a banjo on his knee) to take over the sales managership of Insulite Co.'s Pacific Coast district. He was doing supervisory sales work. M. C. Juell, into whose shoes he steps, goes to Chicago as s.m. there.

LeRoy Staunton, Chicago sales development and research counsellor, is appointed ad. mgr. of the Celotex Corp. He used to be merchandise ad. mgr. of Westinghouse Electric & Mfg.

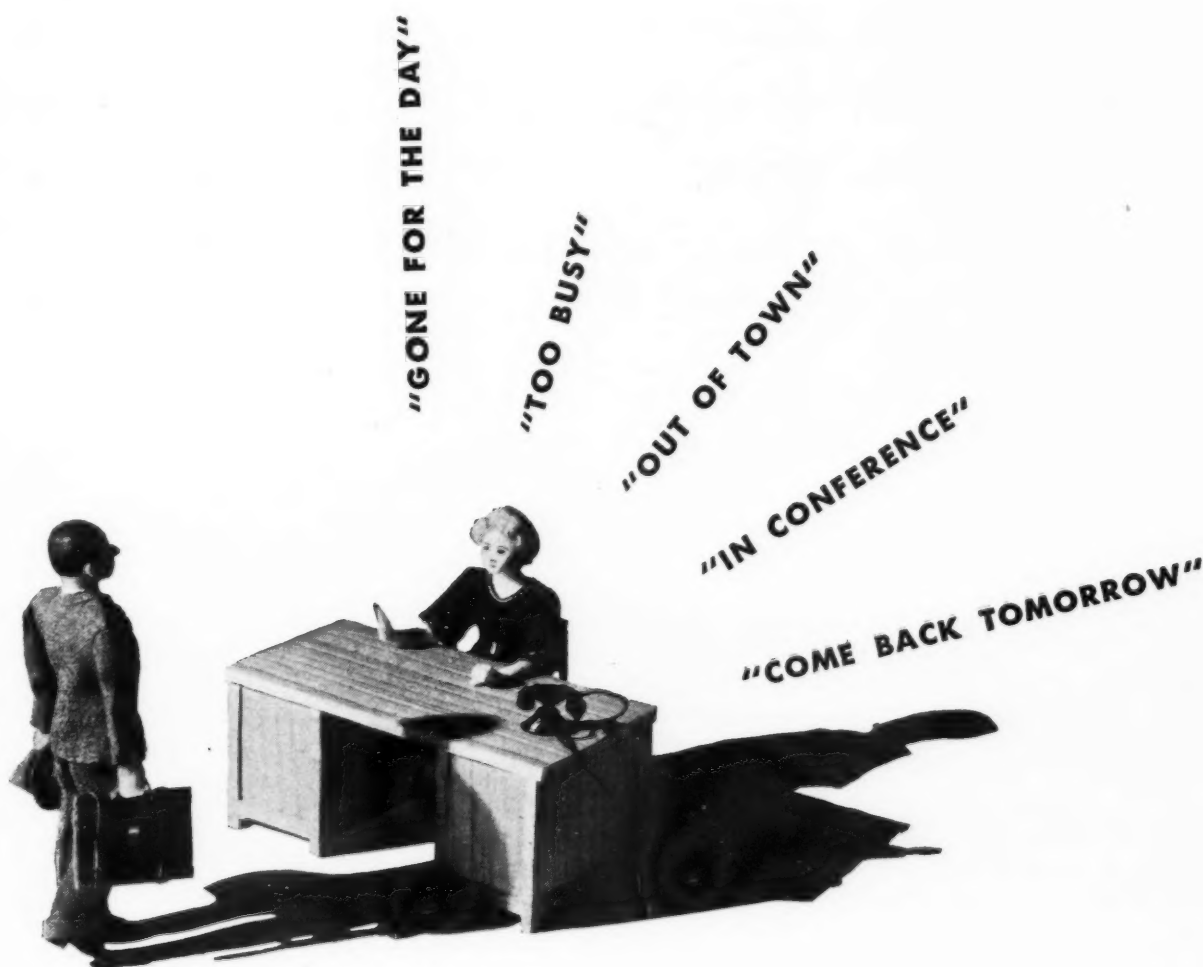
A. Edward Barit is elected president of Hudson Motors to succeed the late Roy D. Chapin. Mr. Barit, former first v.p., treasurer and gen. mgr., has been with Hudson since its beginnings in 1909. As chief executive he will retain the title of gen. mgr. Stuart G. Baits will lend support as assistant gen. mgr.

Dan D. Halpin, assistant s.m. of Sonotone Corp., resigns to become assistant to the chairman of the board of Dictograph Products and gen. s.m. of the company's Acousticon Co.

SALES MANAGEMENT

WHEN YOU PLAN A BUSINESS TRIP, REMEMBER

Telephone APPOINTMENTS *prevent* DISAPPOINTMENTS



Next time you go out of town on business, go by telephone first. Make appointments with those you must see. You'll save yourself long lobby-waits and useless visits. You'll save money. And you'll save the other folks' time too. . . . Try it one week and see.



Buyers of Advertising Evaluate Different Types of Market Facts

Quality and Kind of Population, Retail Sales, Spendable Money Income and Dealers by Types of Outlets Receive Highest Ratings as Guiding Factors for Determining Advertising Allocations

This is the twenty-first of a series of marketing surveys and studies made exclusively for SALES MANAGEMENT by the Market Research Corporation of America under the direction of Percival White and Pauline Arnold, and edited by Philip Salisbury.

WHAT are the facts about an individual market which are of greatest value in piecing together a comprehensive picture of it? What are the most significant indices by which to predict the true size of the market and potential sales?

The Market Research Corporation of America sent the following letter to a group of outstanding market analysts, including executives of national advertisers and advertising agencies:

"Sellers of newspaper and magazine space, radio time, etc., are anxious to present facts about their markets which will be of primary importance to you in making decisions on sales and advertising plans. They are as anxious as you are to concentrate on completeness of pertinent data.

"There are 20 types of information available about most markets. Assume, for example, that you are promoting the sale of a line of fountain pens, priced at \$2.50 to \$7.50. You want to gauge the capacity of a market to consume your product. What are the most significant indices by which to predict the size of the market and potential sales?

"Please place a check-mark against the factors on the enclosed list which seem most important to you. Your name will not be used in connection with this information."

The average respondent checked 8 out of the 20 suggested types of information. The 8 which seem most valuable to these men are:

Population—*quality and kind* (native-white, farming, factory workers, etc.)

Retail Sales—by types of outlets
Spendable Money Income—(SALES MANAGEMENT estimates)

Wholesale and Retail Dealers—by types of outlets

Population—*quantity*

Income tax returns

Current business conditions

Number of homes

The letter asked respondents to assume that they were promoting the

sale of a line of fountain pens, priced at \$2.50 to \$7.50. The cheaper pen undoubtedly would appeal most to a mass market, the higher-priced to those in the higher income brackets. We do not feel that there is any special significance to the choice of fountain pens as the hypothetical item, other than the fact that literacy would automatically become an important factor in market determination. It seemed necessary to ask respondents to think of a specific item, for otherwise they would be forced to qualify their answers with a "well, it all depends."

The 20 items listed on the check-sheet may be roughly divided into two equal halves—slow-moving and fast-moving indices. They were not arranged in this order, however, nor was any attention called to the fact that many of the items, such as the quality and kind of population, tended to remain without appreciable an-

nual change, while others, like retail sales and current business conditions, fluctuate rapidly.

The rough division we have made indicates that almost an equal rating is given by market planners to the two types of data. 51.4% of the votes went to fast-moving indices, 48.6% to the slow-moving.

The chart presented herewith shows the 20 types divided into the two divisions, and the percentage of respondents voting for each of the types of data.

Space was provided on the check-list for adding other types of data, and the following 24 received scattering mentions:

1. Normal Trading Area with Population
2. Advertising circulation
3. Newspapers and magazine circulation by cities, counties and states
4. Radio—number of listeners by cities, counties and states—percentage by day and night
5. Relative sales—chain vs. independent
6. High school and college population (students)
7. Number of desirable retail outlets

(Continued on page 374)


How Market Planners Evaluate Data

A. Slow-Moving Indices

	Per Cent of Respondents
Population— <i>quality and kind</i> (native-white, farmers, factory workers, etc.)	89.3
Wholesale and retail dealers—by types of outlets	60.7
Population— <i>quantity</i>	57.2
Number of homes	50.0
Number of telephones	46.4
Principal industries—and total production	39.3
Homes wired for electricity	32.1
Geographical size	28.6
Principal crops—and total production	17.8
Transportation facilities, including automobile roads	10.7

B. Fast-Moving Indices

Retail sales—by types of outlets	82.1
Spendable money income (SALES MANAGEMENT estimates)	64.3
Income tax returns	53.6
Current business conditions	50.0
Families with savings accounts	42.8
Families with checking accounts	42.8
Automobile sales—latest period	35.7
Total automobile registrations	32.1
Monthly payroll averages	28.6
Bank deposits	25.0



Sally Seal: GEE WHISKERS! LOOK AT THE SWELL FUR COATS ALL THESE SAN FRANCISCO WOMEN ARE WEARING.

Sammy Seal: YOU BET, WE'RE LUCKY TO BE OUT HERE ON THE ROCKS.

Sally and Sammy Seal are glad to be "on the rocks," purely for reasons of self-preservation. Nearly every one else in San Francisco is "off the rocks," earning good money and spending it.

For example, retailers report a 64.1 per cent increase in fur sales over the same period of last year.*

To the evening Call-Bulletin is due a large share of the credit for such a performance because San Francisco retailers invest the major share of their daily newspaper dollar in The Call-Bulletin.

*Federal Reserve Bank statistics

The Call-Bulletin —
as solid in San Francisco as
Seal Rocks

Represented Nationally by Paul Block & Associates

THE CALL-BULLETIN—FIRST IN SAN FRANCISCO DAILY CITY CIRCULATION

8. Percentage of sales in various classes of outlets
9. Present fountain pen sales by state or marketing area
10. Number of radio homes with telephones
11. Number of radio homes
12. Retail sales by drug and food stores
13. Present sales of fountain pens
14. Coverage of publication within the marketing area
15. District boundaries of accessible market area
16. Personnel employment peaks, or when the greatest volume of spending income is available
17. Distance to other nearest trading centers
18. Competitive situation related to product in question.
19. Sales of product by price class in respective market
20. Types of homes broken down—single, two-family and multiple
21. Number of homes plus number of home owners
22. Who sells more pens—department or jewelry stores?
23. Educational status and types of schools
24. Relative importance of other nearby trading centers.

A Dissenter's Views

The vice-president in charge of research and merchandising in an important advertising agency doubts whether there is any use in trying to "guess" which marketing factor has the greatest influence on the sale of any given commodity:

"On this general type of analysis, my opinion is that there is little, if any, use in guessing which marketing factor has the greatest influence on the sale of any given commodity. We know, for example, that in the case of mail order firms, such as Montgomery Ward, farm income has more influence on their sales curve than any other one factor. They have made comparisons with crop and livestock prices, with weather phenomena and with many other factors, but when the farmer's income goes down sales drop, and when his income increases their sales increase.

"I do not subscribe to all the theories of the highly technical statisticians, but I do believe it is necessary to make comparisons with the various factors that seem to have the most influence on the sales of any given commodity—or, in other words, seem to be most nearly parallel with it in market movements.

"Possibly, if we are selling automotive accessories such as piston rings, sales of gasoline and the registration of automobiles will be the two most important factors. Perhaps if we are selling a food product, the sales by cities and by States of food stores as reported in the 1933 Census of Distribution will furnish an adequate market index for the United States. But I frankly don't know without making comparisons. Therefore I think it is futile to say that I would take the number of homes or the number of telephones, or income tax returns, or any other group of factors as the most important in compiling a market index. It all depends on what you are going to sell.

"I think also that most market indices, such as that of the International Magazine Company, the one compiled by Batten, Barton, Durstine & Osborn, and other similar indices, are unnecessarily extensive and complicated. In measuring the potentials of all major lines of merchandise, we probably will find one or two, or four at the most, definite factors that would be suffi-

cient measures of the potentials of the commodity we are interested in."

With the one exception quoted above, the respondents seemed to agree that up-to-the-minute market information on a wide variety of fronts was an essential to planning well-conceived sales and advertising cam-

paigns; that they used the data, and that they regarded with marked favor those publishers and radio stations which supplied them through various channels—such as business paper advertising, folders, booklets, charts, house organs—with accurate and pertinent data.

Arco Adopts "Specialty Selling" in Air Conditioning Campaign

NOT merely air conditioning but complete air conditioning systems will be emphasized by American Radiator Co. this year, Marshall Adams, sales promotion director, tells SM. The system will be presented not as a detailed inventory of products and facilities but as a means of providing "new comfort" for you.

In other words, Mr. Adams explains, American Radiator has set out to take some of the mystery out of "air conditioning." It is trying to enable prospects to visualize the "forest" instead of merely the "trees." And in the largest sales and advertising program yet undertaken in this field, it has adapted specialty-selling technic to a heavy industry—to products which must be bought on "faith," a whole "houseful" at a time, and which cannot be sampled or demonstrated.

American Radiator, of course, starts with a well-known name and with wide facilities. The company has long been the largest in radiator heating, from both coal, gas and oil units. It has emphasized—and still does—its systems for positive controlled heat distribution, and for domestic hot water supply in Winter and Summer. To these it has added the "air conditioning" elements of humidification, air cleaning, circulation and ventilation.

Since heating is the home-owner's problem for most of the year, and cooling and dehumidification are factors only for a couple of months in the Summer (when the average family usually is on vacation or spends more time away from home) American Radiator has not included these as part of its basic systems. A provision has been made for adding cooling and dehumidifying equipment.

Two years ago the company prepared for prospects a 60-page booklet, "Ideal Heating for Cottage or Skyscraper." The company sells through wholesalers and, to the consumer, through heating contractors. The heating contractors are "engineers." The booklet was somewhat of an "engineering manual."

As such it was simple and practical enough. Whatever you wanted to know (in case you *did* want to know) about American Radiator, about its boilers (for cottage to skyscraper), radiators, water heaters, incinerators and accessories, you could find it in the booklet. In fact, the booklet started out on page 1 with a detailed index of these things.

The booklet was written on the assumption that someone wanted to buy a heating plant and that the problem was merely one of selecting the equipment. It was very complete—but unalluring. The "you angle" was missing.

The booklet which the company prepared for 1936, however, told the story in a very different way. It takes nothing for granted, but impresses prospects with comforts they might be missing. The new book was called, in fact, "This New Comfort."

The 1934 booklet carried on its cover a little cottage (exterior) beside a great gray skyscraper. The cottage was black and a bit forbidding. The 1936 booklet carries the word "comfort" in three-inch white letters on a bright green background. More than half the cover is devoted to a photograph of father, mother and small son enjoying themselves comfortably in their living room. A radiator is shown behind them.

In gold lettering and in red, against plenty of white space, and with photographs of people enjoying themselves in their homes, the "comfort" tale is then unfolded. Instead of an index—a tabulated boast on the part of American Radiator—this booklet starts with a message to "The Personal You:"

"What's to be considered first when you plan the comfort of your home? The personal YOU, of course. Your preferences . . . your family . . . and your needs. Perhaps you picture a bright shiny boiler in a cheerful basement rumpus room. Maybe you want a business-like boiler that heats a lot better than it looks. Radiators discreetly concealed . . . or radiators that are frankly radiators. Your taste . . . your experience . . . the personal YOU . . . dictate your choice."

SALES MANAGEMENT

In 1935

THE
LOS ANGELES EVENING
HERALD AND Express

printed

8,874,425 Lines

of

Display Advertising

which was over

**TWO MILLION LINES MORE
than was carried by any other
Los Angeles Daily Newspaper**

AND

**LOS ANGELES IS THE FIFTH
LARGEST CITY IN AMERICA**

**In Los Angeles, most daily newspaper advertisers agree
that their No. 1 Buy is The Herald and Express**

REPRESENTED NATIONALLY BY

PAUL BLOCK AND ASSOCIATES

NEW YORK

CHICAGO

DETROIT

LOS ANGELES

SAN FRANCISCO

BOSTON

CINCINNATI

PHILADELPHIA

And only as a part of "your" story does the company point out, a paragraph or two later, that "American Radiator Conditioning Systems include every kind of radiator conditioning system, to help you in making your choice." The systems are shown in terms of every member of the family in every room of the house, including father reading, with his pipe, and little daughter taking her bath, and the entire family grouped around the festive board.

The reason for the transition in approach is due in part to a consumer survey which American Radiator commissioned R. O. Eastman, Inc., to make a year or two ago. The company wanted to find out the factors which caused people to buy heating. The investigators, Mr. Adams says, wanted to quit after four days. They could not find enough interest in the subject. People, for example, expected to be uncomfortable on "real cold days." They expected their homes to be colder on the north side than on the south. They took cheerless attics and far-from-the-furnace rooms for granted.

From this nation-wide study (which was completed) and other researches, American Radiator has made "Home comfort you never dreamed possible" the theme of its 1936 program. In other words, the company says in effect, "whatever your standards, *this* is better. And whatever type of heating equipment you want, we have."

Advertising Increased 50%

The heating contractors, turned "specialty salesmen," are talking in terms not of products but of comfort. The campaign in 28 heating, building and architectural papers stresses American Radiator systems as means to this end.

With sales up about 30% last year, due in part to FHA efforts and a bit of a revival in home building, American Radiator is increasing its consumer advertising efforts about 50% for 1936, in anticipation of further sales improvement.

In March and April issues of 12 general, women's and farm publications, it has launched its first major magazine campaign in five years. In all except two of the magazines, where two Spring and two Fall insertions are scheduled, page to quarter-page advertisements will run monthly through the year.

Also regularly through the year in real estate and building pages of newspapers in about 35 large cities, the company will tell what its systems can do for "you."

With prices 25% to 30% below those of boom levels, and products improved, Arco believes it can sell a lot of "you" on being comfortable.

[376]

Goodyear to Appeal from FTC Order Ending Sears, Roebuck Deal

THE Goodyear Tire & Rubber Company is now preparing a Federal court appeal from the March 5 "cease and desist" order of the Federal Trade Commission against the Goodyear contracts under which it supplies tires to Sears, Roebuck & Co. FTC's decision, following its long investigation, was that Goodyear violates the Clayton Act by discriminating in price in favor of Sears, Roebuck, thereby allegedly driving many independent tire dealers out of business and tending to create a monopoly.

As this issue of SALES MANAGEMENT went to press, the last word from strike-harassed Goodyear was that its appeal will not be ready for several days. However, President P. W. Litchfield, of Goodyear, said of the FTC order: "Were it permitted to stand, the decision would wipe out a widely used trade practice under which a substantial proportion of the country's total retail business is done. Universal application of the principles indicated in the decision would set back the wheels of recovery several years."

32-53% Gross Cut to Sears

Among the findings charging violation of the Clayton Act, the commission announced the following:

1. That the gross discrimination in favor of Sears, Roebuck & Co. ranged from 32 to 53%.
2. That the net average sales price discrimination, after deductions from dealer prices for discounts and allowances and transportation, over the entire period varied from 29% to 40%.
3. That the total discrimination after making the above allowances, amounted to about \$41,000,000, or about 26% of the aggregate net sales price to independent dealers on a volume of business comparable to that of Sears, Roebuck & Co.
4. That the respondent concealed the prices and terms at which it was selling tires to Sears, Roebuck & Co. from its own sales organization and from the trade generally; that the competition which Sears, Roebuck & Co. was thus able to bring into the retail tire market was a major factor in driving out of business a large number of retail tire dealers, and that this reduction in the number of independent tire dealers in turn drove out of business numerous small tire manufacturers.

The price discrimination found to exist, the commission stated, "was not justified on account of differences in the grade, quality or quantity of the commodity sold, or by difference in the cost of selling or transportation, or by good faith to meet competition, and it had the effect of substantially lessening competition and tending to create a monopoly."


In 1926, when the first Sears-Goodyear contract was made, about 125,000 tire dealers were in existence. Today there are about 60,000. Tire manufacturers have decreased from more than 100 to 29. The retail price of tires dropped from an average of \$29 in 1926 to \$10.50 in 1933, the year when the Commission issued the complaint on which it has now made a decision. Testimony before the Commission indicated that there were no less than ten retail price cuts during 1931 and 1932 alone. The protestants declared these to have been initiated by Sears, and held that Sears' selling injected much chaos into the whole business of selling tires to American consumers.

Sears' volume has been large—larger than that of any other chain. In 1926 it got 2.77% of the country's replacement tire business; 9.6% of it in 1929 and 5.5% in 1933. This looms large by comparison with the shares of the country's total replacement business which various important tire makers enjoyed. Goodrich had 9.91% of it in 1926; 12.31% in 1930. General got 1.60% in 1926; 3.51 in 1933. United States sold 7.09% in 1926 and 7.58% in 1933. Firestone had 12.42% in 1926 and 13.10% in 1933.

These Will Be the Results:

Experienced observers in the industry feel today that if the decision against Goodyear holds water and the agitation against chain operations continues, the number of independent tire dealers in the country is sure to rise and that retail prices are bound to be stabilized. Sears will continue to meet competition also from the three biggest chains—Atlas Supply Company, which serves Standard Oil of New Jersey and its affiliates all over the country; Montgomery Ward; Western Auto Supply Company with its hundreds of stores in the Atlantic seaboard and Midwest states—and from the 220 other chains already in existence.

SALES MANAGEMENT



A REAL FOOD DRAMA

On the farm three squares a day mean just what they say . . . three ample, hearty meals from a pantry that's a pantry, not a cubby-hole. More and more seasoned food advertisers are sensing the sales-significance of this market. But don't forget: to sell farm people you must reach FARM people. That is why Successful Farming merits top place on any farm magazine list. For it reaches more farm families...has more RFD circulation . . . than any other magazine in the world. Meredith Publishing Company, Des Moines, Iowa.

IN THREE ACTS
*takes place here
every day*

SUCCESSFUL FARMING

TO SELL FARM PEOPLE YOU MUST REACH FARM PEOPLE

2¢ Railroad Fares to Bring Savings in Sales Costs

THE new 2-cent railroad fares in the East will in some degree cut selling costs for practically all marketing organizations that operate salesmen and travel sales executives anywhere in the northeastern section of the country. After June 2 the cost of travel by rail will drop 44%. While many firms travel most of their salesmen by automobile, and while many executives now use the airways, particularly for long jumps, there is still a tremendous amount of sales travel done by train.

Against the united front of opposition from three of the big eastern railroads—the New York Central, Pennsylvania, and New York, New Haven & Hartford—the Interstate Commerce Commission on February 28 issued an order that all coach fares are to be dropped to 2 cents a mile.

Pullman rates will be 3 cents, with the Pullman surcharge eliminated. A few "crack" trains may still charge extra fares, and special excursion rates will still be offered.

While officials of the three above-named railroads issued denunciatory statements concerning the action of the ICC and claimed that the new rate scale would cost them \$56,000,000 a year, marketing executives freely predicted that, within perhaps three years, the increases in travel which will ensue will much more than offset the reduced revenue per passenger, if the railroads handle their advertising and selling intelligently. These same executives hailed the ICC's action as a definite contribution toward lower sales costs. Territories which they formerly could not afford to work can now be opened.

Readers of long standing will understand why SALES MANAGEMENT has such a direct interest in the ICC's action. In July, 1932, this magazine opened a vigorous campaign to obtain railroad scrip books for the use of salesmen and sales executives, at reduced quantity-travel rates. (We believed even then that a reduction of all passenger rates would be desirable for the railroads. Initial discussion was limited, however, to quantity travel rates because of the sincere conviction that the Depression needed nothing so much as the increased sales activity that was so seriously being hampered by a railroad rate that was a relic of wartimes—a rate which in 1932 was almost fantastically out of line with reduced spendable income.)

[378]

Never in the history of this magazine did its readers become so vocal, so emphatic, and so profane, in their support of any crusade. SALES MANAGEMENT gathered bales of evidence that the 3.6-cent rate was holding selling costs at such a disproportionately high level that salesmen by the thousands were taken off the road entirely, many territories were evacuated, and many others consolidated. By thus obstructing and crippling personal sales activity in the field during the heart of our worst depression, we pointed out, these rate policies not only contributed to the generally poor condition of business, but aggravated unemployment and robbed the railroads of thousands of tons of freight

Scrip books were offered in 2,000- and 3,000-mile denominations at 2.7 cents per mile. Bearing out every prediction, they sold like hot cakes. One road alone in February sold 2,500,000 miles of scrip travel. Some companies that had been using autos in western territories abandoned them in favor of scrip. Shortly after this the Louisville & Nashville reduced coach fares to 2 cents. By March, 1933, four more roads followed the L & N in a try-out of the 2-cent rate. The railroads began to see what lower fares would do to stimulate business. By December the Western Passenger Association had taken action to reduce all general passenger rates to 2 cents a mile and this rate (with 3 cents for Pullman and no surcharge) has been in effect ever since throughout the western and southern territory.

The eastern railroads watched the effect of lower rates in the West, but took no action. Even when passenger revenues had recorded substantial

Companies traveling salesmen by rail in the East will find transportation 44% cheaper after June 2. Movement toward a 2-cent rate began in 1932 when western roads, after a campaign waged by SALES MANAGEMENT, tested scrip books for quantity travelers at 2.7 cents a mile—an experiment so successful that it was followed by lowered rates for all passengers in the West and South. Now the ICC has forced the eastern roads to adopt the 2-cent base.

haulage business which they might have had had salesmen been more active.

SALES MANAGEMENT took the scrip book proposal to twenty-four key railroad executives, to their passenger and freight agents, and to the chairmen of six regional passenger associations. A number of these men were so impressed with the revelations their prospective customers made in the pages of this magazine that they asked their respective passenger associations to docket the subject for consideration. Copies of hundreds of letters from company executives were sent to each association chairman for use in the committee and general hearings covering discussion of the mileage book proposal.

Action came in February, 1933, by the Western Passenger Association.

gains, (western roads gained 50% in the first eight months of 1934) the eastern roads, still calmly disregarding their economics, stood pat on their declarations that their business was "different." Their dollar volume on passenger revenue amounted to 20 to 25% of their total revenue against 10 to 12% for the western lines, they said. Their trade was a "high class business type which won't respond to lower rates," a statement which one sales consultant clipped out of the newspapers and saved as a sample of an all-time low in marketing thinking.

The ICC split five to four in the vote for lower rates. "The decline in the passenger traffic and revenues of the respondents generally," said the majority ruling, "has been so severe that immediate extraordinary measures

(Continued on page 406)

SALES MANAGEMENT

Does Volume Create Low Prices, or Do Low Prices Create Volume?

TVA demonstrates the practicability of setting prices to the level of what the consumer wants to pay, to attract big volume. It's a fallacy, says TVA Director Lilienthal, to charge for products on the basis of what it costs you to produce them, on the theory that you will lower prices after orders begin to run into big figures.



Low-priced electricity in the Tennessee Valley converted poor prospects for appliances (two real examples are pictured here) into buyers. Result: Consumption of power is doubled in some districts, tripled in others—climbing everywhere!

Photos courtesy
"The March of Time"



with State governments, or their sub-divisions or agencies, with educational or research institutions, and with cooperatives or other organizations, in the application of electric power to the fuller and better-balanced development of the resources of the region.

"As you can see, under this law the Authority was faced with the problem of devising a price for electricity which would result in maximum use, and yet would return to the Federal Treasury all the costs of producing and distributing that energy.

APPARENTLY the Supreme Court's decision in the TVA case is not being interpreted by government officials as a "go ahead" signal for all government hydro-electric development, but it is likely to lead to extension of electrification activities in the TVA area as well as under the Rural Electrification Administration.

Therefore there is great significance in an address made recently by David E. Lilienthal, director of the Tennessee Valley Authority, at the annual meeting of the American Historical Association. In this talk he outlined the philosophy of the experiment as seen by himself and his associates. SALES MANAGEMENT reports the following excerpts from his talk because of the significance of his philosophy about pricing for wide consumption. By so reporting his talk, SALES MANAGEMENT does not express an editorial attitude for or against the TVA, and the

editors will be pleased to receive rebuttals from subscribers who disagree with Mr. Lilienthal.

"The policies governing the sale of electricity have deep social and economic implications.

"The Board has a duty to secure revenues for the project. But in securing those revenues, *the widest possible use of electricity*, particularly in homes and on farms, is *specifically* laid down as a policy to guide the Authority. Though the project must plan to support itself, the national policy is clearly one of *maximum use, consistent with reasonable costs, not maximum financial returns.*

"In an interesting provision which I quote from Section 10, the statute expressly recognizes and emphasizes the deep social implications of electricity:

"That the Board is hereby authorized and directed to make studies, experiments, and determinations to promote the wider and better use of electric power for agricultural and domestic use, or for small or local industries, and it may cooperate

"The component costs of producing and distributing electricity were to be recorded in such a way that they would form a useful and challenging basis of comparison—a yardstick of comparison—with costs in private and public operations in various parts of the country. In using such a yardstick of costs, due weight must, of course, be given to the underlying variables which affect every fair comparison of costs and rates.

"But the yardstick is by no means a yardstick of costs alone. What TVA is doing on several fronts, pursuant to statute, furnishes equally useful yardsticks: for example, a yardstick of mass consumption (about which I shall speak in detail in a moment).

"It is necessary to explain that TVA, with limited and temporary exceptions, is selling electricity *at wholesale*, either at the power house, or more commonly, by carrying it over high-tension transmission lines to the city gate or factory site. For example, TVA has a contract under which it is delivering power to the City of Dayton, Tennessee. The City of Dayton then resells that electricity to its residents, to industries and to farmers in the surrounding territory. The only prices which in-

volve TVA'S own costs are the wholesale rates.

"The cost of generating electricity forms a very small part of the total cost to the residential consumer or the farmer, ranging usually from about one-sixth to one-tenth. That is, generating costs are usually only from about four to six inches of the total 36 inches in the yardstick. And TVA prices for electricity at wholesale vary only a mill or two per kilowatt hour (in some cases less than a mill) from the wholesale rates generally charged in this area. A mill or even several mills difference in the wholesale price affects the rate charged the ultimate home user very little. For example, if the TVA wholesale rate is a mill a kilowatt hour lower than in your community, based on the national average usage, this difference would amount to about 5 cents a month, and even a two-mill difference will amount only to 10 cents a month to the householder.

"In the contracts with municipalities for sale of bulk power not only the wholesale rate but also the rates the city will charge the ultimate consumer are agreed upon by the Authority and the city. It is those

rates to the consumer that are usually referred to as TVA yardstick rates. And it is these retail rates which show such a marked disparity from rates usually charged, a disparity far in excess of any mill or two difference in wholesale rate.

"To illustrate, suppose in your home you pay an average rate per kilowatt hour of 51 mills, which is the national average. The average rate among users in TVA communities is 21 mills a kilowatt hour, a difference of 30 mills. The disparity, as you see, cannot be accounted for even by a difference of several mills in the TVA part of the rate, the wholesale rate. *One of the chief reasons for this wide difference of 30 mills lies in the fact that TVA average consumption is more than twice the average through the country.* And why that is true I believe will be plain if we have in mind the familiar economic principles of prices in an industry of diminishing costs.

"I am not going to take you into an involved and lengthy discourse on the theory of price and cost in the field of electricity. But one principle of pricing must be clearly
(Continued on page 413)

Schenley, Seeking Good Will, Sees 35,000 Salesmen a Year

THE double doors of the eight-story building at 20 West 40th Street are, between them, only about six feet wide, but they are perhaps the most commodious portals in American industry.

The building houses Schenley Distillers, Schenley Products, Schenley Import companies. Through these doors to a desk just inside which faces them passed in 1935 exactly 48,990 people. These were in addition to Schenley's own. Some were merely friends of Schenley people; some were wholesalers and other customers. About 70% of them—or 35,000—were salesmen of everything from plant machinery to tinfoil.

And more than half of the salesmen—perhaps 20,000—were advertising representatives.

Strictly speaking, the total of 48,990, explained Emerson W. Brewer, advertising manager, does not mean separate callers, but the number of interviews given in the course of last year. Everyone who comes gets an interview, it was emphasized, however needless or irritating his errand may seem to be. And everyone who feels that his message must be presented to a specific executive may see that executive. This is especially true of those selling "ideas."

Walter Greenlee, sales and advertising director, and Mr. Brewer, of course, from the nature of their positions, get a lion's share of interviewing, but even the higher-ups, like L.

S. Rosenstiel, chairman of the executive committee, and Grover Whalen, chairman of the board, can be seen on appointment, when their time permits.

W. S. Boulton, chief Schenley receptionist, showed us the 48,990 figure in his little black book. The total in 1934, when the liquor industry was just getting under way, and Schenley, like the others, was establishing new production, packaging, sales and advertising machinery, Mr. Boulton believed, was even larger. No figures, however, were kept for it.

Schenley had last year 271.5 working days, which meant an average of 180.4 interviews per diem.

"We see everyone—insurance and bond salesmen included," Mr. Brewer said. "But we try to do our interviewing between nine and one o'clock. We ask that they tell their story briefly, cut short the amenities and stick to fundamentals. We don't let them get into competitive selling. We want them only to show us how their wares will fit into our scheme.

"Of course, when a situation is a bit complex, we try to give the salesman as much time as is needed, but our interviews usually are brief."

On the other hand, Mr. Boulton said, the receptionists see to it that the average wait also is brief—usually from 5 to 20 minutes.

One thing that speeds up the work is the fact that some of the executives lead a sort of goldfish-bowl existence. When your reporter arrived he waited

in the corner of the office while Mr. Brewer was finishing an interview. While the reporter was finishing his interview, two other people waited their turn in the corner. In between, Schenley people arrived to ask questions. It was all one big happy family.

The number of advertising representatives is disproportionate even to Schenley's stature as an advertiser. For all purposes last year Schenley spent \$53,000,000. Of this between \$4,000,000 and \$5,000,000 went for advertising space, time, and materials. The proportion of newspaper representatives who "have a chance" is higher than that for other media. About 80% of the company's advertising expenditure goes into newspapers, and for its various liquor products—Golden Wedding, Old Quaker, Cream of Kentucky, Wilken Family, Old Schenley and others—about 500 newspapers are used. This is about a record for any distiller, Mr. Brewer believed, but it is still less than one-fourth of all the dailies in the country and less than one-third of those which are "wet."

It does not include any of the many thousand weekly newspapers, some of which, Mr. Brewer admitted, his company would like to use.

Of all the general, class and trade magazines, Schenley uses only 21. It is off the air now, after use of a couple of stations last year (though radio performers still come in to strut their stuff). Schenley uses outdoor advertising, displays (where legal), and other media, but even its large budget is not enough to reach more than a fraction of the companies in these fields.

The Profits in Courtesy

But still the salesmen come . . . and Schenley welcomes them. And listens attentively. The reason is simple: "We want people to see *our* salesmen," Mr. Brewer said. "To get them to, we must convince companies of our willingness to see *theirs*. The policy builds good will. Also, particularly as far as publications are concerned, we want their representatives to think well of us and our products. Newspaper representatives, for example, don't edit newspapers, but their 'feeling' about companies and industries has a way of permeating through to the editorial side.

"We're in a new industry. We have had to make a reputation for ourselves. To do this we must make friends—not only among wholesalers and retailers and consumers, but among the men who seek the opportunity to serve us. They are as important a factor as the others in building good will."



YOUR COMPANY'S PRESIDENT IS LUNCHING WITH A Des Moines Register and Tribune Ad!

He read it last night.

It was disturbing.

Some of the things that it said suggested that perhaps his sales department was missing a good opportunity . . . for instance, that part about Iowa being a "sales city" for alert advertisers.

After all, The Des Moines Register and Tribune's 275,028 circulation covers more than 40% of all Iowa families.

Des Moines, where The Register and Tribune is published, has but 142,000 people. IOWA, where The Register and Tribune is read in 4 out of 10 homes, has 2,470,939.

Over 70% of Register and Tribune circulation is outside Des Moines—turning a state into a "sales city."

Register and Tribune circulation today is 100,000 more than in 1926. In the past decade this great state newspaper has tapped a new rich interior market for alert national advertisers.

The president's taken the ideas out to lunch with him—they're disquieting.

The result's likely to be another capture of the "sales city" of Iowa through hard hitting "A" schedules in The Des Moines Register and Tribune—at lowest milline rates in Iowa too!



Ozite Finds Most Potent Campaign Cry in Sales Point 13 Years Old

TAKING the "moth-proof" sales argument—something that it has had for the 13 years since its beginning—the Clinton Carpet Co., of Chicago, has built a new sales campaign about it. More, it is the best and most successful sales campaign the company has ever developed.

The Clinton Carpet Co. is the sales subsidiary of the American Hair & Felt Co. Its main job is to merchandise the Ozite rug and carpet cushion.

As every sales manager should know, drama is important in painting the background of sales. And offhand it would seem that there is little romance, color, thrill or glory in a thing so prosaic as a rug cushion. Once bought and laid it goes out of sight. You do not see it. It has a pleasant "feel" underfoot, of course, and it adds years to the life of a rug or carpet—but it is one of those things one can do without.

"Every rug buyer is a made-to-order prospect for an Ozite rug cushion," the Clinton Carpet Co. has told rug salesmen for years.

"Yes," the rug salesmen have answered. "But how to make them spend the extra money?"

That's How Ozite Was Born

Before we tell about this new campaign let us go back and tell something about how and why the Ozite rug cushion came into existence. The idea began with the hope of making an asset out of a liability. Tanners of hides, everywhere, had a problem on their hands. This problem was hair.

Every year when the hair was removed from hides, thousands of tons of it, the tanners found they possessed vast quantities of something they couldn't sell. Disposal was a costly burden. Hair won't burn. Under flame, or intense heat, it will char but it won't vanish in smoke.

The tanners, unlike the planing mills and sawmills, couldn't make fuel of their waste. For a time they tried dumping their waste hair into the rivers but the government said no. Then they tried burying the surplus. That was too costly a job.

So the American Hair & Felt Co.

Has your product some well-established but much under-exploited sales point which is a "natural" for a new campaign? Perhaps you don't really need something new at all, but merely need to capitalize what you have.

was organized, the stock owned jointly by the tanners, and chemists and engineers were put to work to solve the problem. Hair had long been used for insulation, for padding of various



Now Circle Tread Ozite Rug Cushions offer this INSURANCE against MOTH DAMAGE to the cushion

Would you knowingly buy at ANY price a rug pad that might serve as a breeding place for moths? Now genuine Circle Tread Ozite ends this danger—gives you an INSURED GUARANTEE against moth damage to your rug cushions, backed by the FIREMAN'S FUND INSURANCE CO.

This Insured Guarantee is possible because of Ozite's patented mothproofing process that actually kills moth worms. Only genuine Circle Tread Ozite is treated with this process—which is permanently effective.

To be safe from moth damage that might start in your rug cushions and spread through the house—the sure way to get genuine Circle Tread Ozite. Buy in identity to the Circle Tread Design, and the Insured Guarantee that comes with every genuine Ozite cushion.

CIRCLE TREAD OZITE is the name rug cushions made under patent since 1925 because it is "moth-killed" as evidence to other goods. Insuring, "moth-killed" the cushion against it. These features, and the Insured Guarantee, are trademarks of the OZITE. Guaranteed to satisfy.

Look for the Circle Tread Design

Ozite
RUG CUSHION



sorts, and other purposes, but still the stocks piled up.

Finally the engineers and chemists hit upon the rug and carpet cushion. But the moth was a threat. Moths love to breed in dark places and they thrive on wool and hair. The chemists found a way of treating the coarser animal hair so that the moth-worms died in it.

As everyone ought to know, the adult moth does not eat wool or fabrics. It's the newly hatched worm that destroys. The newly hatched moth-worm, after a few bites of Ozite, died of ptomaine or something like that. So Ozite was sold as a moth-proof rug cushion. That was very good but not startling.

Thirteen years passed. Business was good. More than half of the rug cushions were sold by the Clinton Carpet Co. Some 15 competitors or imitators bobbed up. Price began to enter more and more into sales. Then, finally, not very long ago, the executives of the Clinton Carpet Company began to analyze the situation about like this:

"Every woman dreads moths. Every woman knows about moths. Let's tell every woman in the land how Ozite rug cushions are moth traps. Let's tell them that the Ozite rug cushion is the only rug cushion that is death to moths."

Media List Is Large

The advertising department was put to work. Early in January a series of half-page advertisements were started in 12 national magazines. Those selected were the *Saturday Evening Post*, *Ladies Home Journal*, *Cosmopolitan*, *Good Housekeeping*, *Woman's Home Companion*, *McCall's*, *House Beautiful*, *House & Garden*, *American Home*, *Better Homes & Gardens*, *American Magazine*, and the *New York Times Magazine*.

To this list were added six trade papers: the *American Carpet & Upholstery Journal*, *Carpet & Upholstery Trade Review*, *Furniture Index*, *Rug Profits*, *Retailing and Western Furniture Retailing*. Hotels are heavy users of rugs and carpets and so among the big potential buyers of cushions for floor coverings. Space was purchased in *Hotel Management*, *Hotel Monthly*, *Keeler's Pacific Hotel Review*, *Midwest Hotel Reporter*, *Pacific Coast Record*, *Southern Hotel Journal*, *Texas Hotel News* and *Tavern Talk*.

Newspaper mats were prepared to be supplied to dealers who wished to advertise locally and these have been in big demand. All of these advertisements carry the "fear theme."

12 Major Markets

Serving all — yet belonging exclusively to none — they constitute the "High Command" of Industry's Buying

ALMOST unnoticed, industry has evolved a new buying pattern bringing into focus important functional buyers.

Unlike industry buyers whose life work is devoted to one industry, functional buyers are those specialists whose particular techniques project through all industry. They are the specialists in Administration, Production and Maintenance, Product Design, Power Generation and Distribution. Inevitably, their counsel is sought. Logically, their recommendations carry great weight in the selection of the majority of products and services industry buys.

If your products are sold broadly throughout industry, you will find the FIVE FUNCTIONAL SPECIALISTS your professional "ministers at court" in Industry's Buying Councils, provided you reach them with your sales messages through publications designed to serve their particular specialty.

**Business paper advertising moves right past the barriers of reception rooms direct to men who buy for business and industry—sees them and sees them often for about 1c. a call.*

By markets and by functional groups, McGraw-Hill Publications are the direct route to economical selling to business and industry.* Simplify your sales and advertising problems by calling in a McGraw-Hill representative *first*. He can bring you specific help in applying the mass production sales tool—business paper advertising—to your business.

1936 is a buying year in the capital goods industry. Why not take the first step toward bigger sales now?

LET'S
REBUILD
AMERICA

THE MONEY IS AVAILABLE . . .

PUBLICATIONS

330 WEST 42nd STREET, NEW YORK, N. Y.

Electronics

Engineering & Mining Journal

Engineering News-Record

Factory Management & Maintenance

Food Industries

Metal & Mineral Markets

Mill Supplies

Power

Product Engineering

Radio Retailing

Textile World

Transit Journal

They picture gigantic moths and enormous, goggle-eyed moth-worms—hideous creatures threatening invasion of the happy home. One of the scare lines is:

"\$250,000,000 a year are eaten up by moth worms."

Questions are asked such as:

"Would a woman buy a so-called 'cheap' rug pad if she knew moths might breed in it?"

"Would you want to sell a woman a rug pad that might harbor moths?"

Then, most convincing of all, is the new insurance policy against moth damage. This is the thing about which the campaign is built. Every Ozite cushion comes with a moth insurance guaranty attached. It informs the buyer that the Clinton Carpet Co. has arranged insurance against moth damage through the Fireman's Fund Insurance Co., San Francisco, for a period of five years, and that if any such damage occurs in any Ozite rug or carpet cushion it will be replaced without cost.

Elaborate sales helps have been prepared which consist of free store signs for window and floor displays up to 37 by 40 inches, colorful window strips, 9½"x18" mail stuffers in color, floor sign "stoppers" in color, and new display signs in seven colors showing the new "circle tread" design in the new Ozite cushions. This circle tread design, a series of interlocking circles, is held to be a decided improvement over the old "waffle pattern" which was in use for so long.

Price Tag Also "Sells"

What might be called a sales tickler is the price tag which is attached to each cushion. On one side is the price of the cushion and on the other side is printed full information about it. More than 1,500,000 have been printed for the year's consumption.

The idea is that every clerk or salesman, every time he handles a rug, sees the price tag which is always attached to the cushion. Part of the time the price side greets his eye and part of the time the "information" side. This side is, in effect, a sales talk which reminds him, every time he sees the rug, of what he is presumed to tell the prospect about it.

This continuous flashing of the price tag never gives him an opportunity to forget that there's something to sell besides the price.

Every piece of Ozite advertising literature prominently features the central idea that the Ozite cushion carries:

"An insured guaranty against Moth Damage."

One mailing piece contains "fourteen points" on how to prevent moth

damage in the home. These points cover the control of moths in garments, upholstered furniture, storage bags, chests, carpets, rugs, closets, etc.

Sandwiched into the prevention story is this paragraph:

"Mothproofing" can only be done by treating fabrics so that every fibre is soaked or coated with a substance that poisons the moth worms. Practically all such compounds are only temporary. It is difficult to apply them thoroughly enough for safety. (Ozite rug cushions are mothproofed by a patented process that does give permanent safety.)"

"Rug and carpet manufacturers can come out with new patterns in the Spring and Fall," said R. A. Phelps, advertising manager, to SALES MANAGEMENT. "They can work up excitement among their salesmen and stir them with new selling stories. They can work on their imagination."

"We have only a standardized brown cushion that remains unchanged year

after year. We can tell of the service it renders; that it is treated so that it is odorless and that it is made under a pressure of seven tons; that the cushion has a burlap center to which the felt is cemented, and so on.

"However, the average salesman finds no great thrill in going over that story time and time again and these facts are accepted by the average woman without excitement. But when you begin to talk to her about moths you're talking a language she understands and discussing a subject that is very close to her heart and pocketbook.

"We treated moth-proofing for 13 years as something incidental. When we picked it out for our selling talk and began to feature it—to headline it—we found it the most impelling sales talk we'd ever used. Merchants and department managers everywhere report demand for Ozite cushions booming. It was a very fortunate idea for us."

Independent Filling Stations Join Pate Oil Co. in Co-op Plan

BORROWING a leaf from the voluntary drug and grocery chains, Pate Oil Co., Milwaukee manufacturer and distributor, is sponsoring a group of independent service station operators in Milwaukee County. "Hello Neighbor" is the plan's copyrighted name. At present there are 17 members, all owning their own stations, with similar alliances between jobber and independents scheduled for other cities.

All "Hello Neighbor" stations feature, in addition to Pate products, Globe batteries and spark plugs, Gillette tires, Briggs & Stratton oil filters and a list of auto accessories. Norman H. Ott, Pate sales manager and treasurer, advises dealers that only 40% of their business should be in gasoline; the remaining 60% should be divided among accessories and services that permit a longer profit.

The need for a plan such as the "Hello Neighbor" idea was realized by Pate officials when it was shown that department stores were selling 3,000 two-gallon cans of oil at bargain sales, and mail order branch houses were getting even more of this type of business.

"The independent dealer has reached a cross road," explains President William R. Pate; "he must now compete with companies which own wells, refineries, pipe lines and service stations. They can make up losses in one field with profits from another.

The independent wholesaler and the independent service station owner have everything in common.

"Our 'Hello Neighbor' plan is designed to provide a greater opportunity for the independent operator to increase volume and profits and to identify himself as a local business man."

Newspaper advertising, in addition to this, aims to build prestige for the independent and the products he sells; to sell special merchandise each week to new customers; to entrench him more firmly with his present trade; and to put him first in the public's mind, getting the public to depend on the independent's judgment.

Ads appear on Thursdays. They feature a week-end special. Names and locations of all cooperating stations are listed. Owners, of course, know what that special will be, and plan accordingly. Some stations also sponsor baseball teams and radio broadcasts of athletic events.

Funds for the ad budget are appropriated on a gallonage basis. Pate, furthermore, holds monthly night meetings for the station outlets and supplies them with mailing pieces and "Independent" neon signs.

Pate Oil Co. in 1935 showed an increase of 43% in business over the preceding year. Incidentally it was started only three years ago. Not all of this rise can be attributed to the "Hello Neighbor" plan, yet the latter deserves a large share of the credit.

SALES MANAGEMENT

1000 Chain Store Managers and Independents say what they think...



of Motion displays run by the "Eveready" Vibro Motor

Picked at random from the 1000 messages are these comments:

"... like it very much. We are in favor of more displays with motion."

"... very neat and attractive. And, above all, it works O.K."

"... am putting it in window. More displays like this needed."

"... must say that this display is in keeping with the times."

"... believe it will be a knockout. Am putting it in window at once."

"... featured in window, and has operated steadily for 1½ weeks, night and day."

"... works fine. Have put it to work and know it will pay for its space."

"... put it in window at once. Sure attracts attention, and has increased sales... am sending an order today."

"... believe such a motion display will stimulate sales. Will use at once."

"... very attractive and will do us a lot of good."

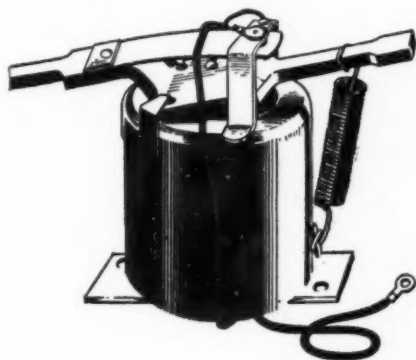
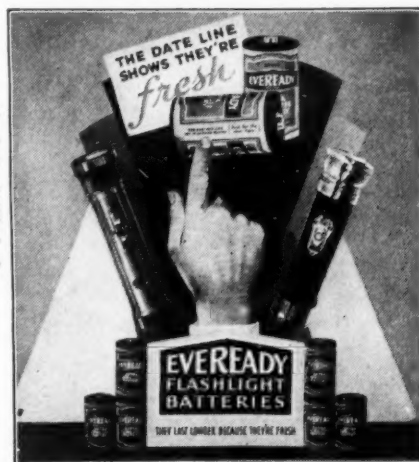
Action displays are 'what counts.' "

"... this is the type of display material we like. The motion display is now in our show window."

"... very arresting. May interest you to know that within 30 minutes of receipt, the display was in our window."

These are not "selected" comments. All which came in were similar in thought.

THIS IS THE DISPLAY THEY WRITE ABOUT... an "Eveready" Vibro Motor swings the hand back and forth under the "Date-Line."



National Carbon Co., Inc., does not manufacture displays. We supply "Eveready" Vibro Motors and "Eveready" Batteries to the lithographers and display manufacturers.

THE "EVEREADY" VIBRO MOTOR

Puts low-cost, fool-proof action in displays

Time was when motion in a display was expensive and difficult to handle. The mechanism went out of order; dealers turned off the display to cut light bills—or sent their light bills to the manufacturer to pay. THE "EVEREADY" VIBRO MOTOR ELIMINATES ALL THAT. It runs an average of 4 weeks or more on two Eveready No. 6 Dry Cells. The cost of the motor is extremely low. One large, elaborate display recently cost the manufacturer only \$2.50 complete, delivered at the store. There's nothing to plug in, nothing to tinker with... all the dealer need do is tap the display into motion. For more complete information, consult your lithographer, or write to—

NATIONAL CARBON COMPANY, INC.

Dept. SM36 P. O. Box No. 600, Grand Central Station, New York, N. Y.

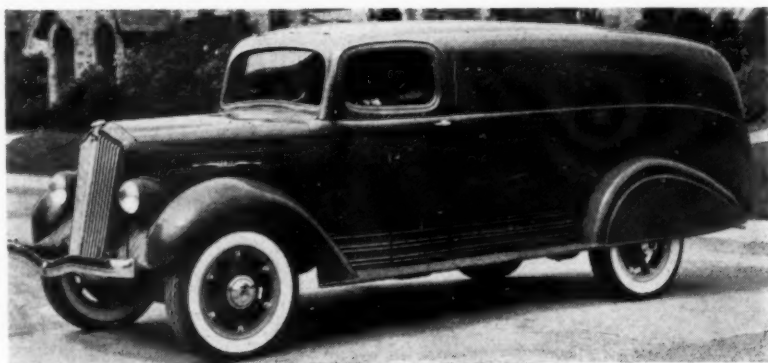
A Unit of Union Carbide **UCC** and Carbon Corporation

DESIGNING TO SELL



Beauty in Motion: (Left) Safety, comfort and strength make a bus easy to ride in, but beauty also attracts the cash customers. So sales of White buses are mounting since their redesign. (Below) The owning firm's name on such a well styled and streamlined truck as this makes a rolling advertisement of inestimable value.

Ruggedness alone is not enough in a truck, White Motors decided. So their new models are streamlined, smart in detail, gay in color. They are already putting to shame hundreds of lumbering old "ice wagons" which are no credit to their owners, no good advertisement for contents.



Trucks Learn from Passenger Cars; Redesign Jumps Sales 100%

SALES of passenger automobiles and trucks registered a spectacular increase in 1935. And sales of motor trucks will register an equal or greater increase in 1936, and for the same reasons, if the prediction of Robert F. Black, president of The White Motor Company, Cleveland, proves to be correct.

White has made a sensational beginning: Its deliveries in January showed an increase of 100% over January, 1935. And this, Black insists, is but the beginning of what will be the greatest year in White's history.

"Passenger car manufacturers got the jump on us," Black said. "And why? Because they were busy redesigning, re-styling, and improving their products, while we were sitting idle, waiting for the storm to blow over. They had a tremendous replacement market, but so did we. There are 1,200,000 obsolete trucks in service right now, many of them eyesores and most of them positively unsafe to

Based on an interview
by D. G. Baird with

ROBERT F. BLACK

*President, The White Motor Co.,
Cleveland, Ohio*

operate in modern traffic. All of these trucks are more than seven years old.

"We have learned our lesson and now we are beginning to profit by it. For the first time in the history of the industry, we have built style, streamlining and beauty into motor trucks. With this style and beauty, we have incorporated new strength and ruggedness and new devices which make White trucks and buses the safest vehicles on the highways today."

White began preparations to recapture leadership and to rejuvenate its business last year, when it employed Count Alexis de Sakhnoffsky, internationally known engineering stylist and winner of the Grand Prix at

Paris for six consecutive years, to style and streamline its entire line.

Proceeding on the theory that beauty is the handmaiden of utility, Count Sakhnoffsky made White trucks comparable with passenger cars in appearance. He streamlined them, introduced an ornamental motif, added oversize hubcaps and valenced fenders, tailored sheet metal covering, bright warm colors and stripings, and numerous other features that made a White truck a thing of beauty to behold.

The factory added new engineering features, including the famous White "PEP" head engines, oversize four-wheel hydraulic brakes, safety glass, anti-glare headlights, and the automatically air-conditioned cab ever placed on any truck. Greater strength and stamina were stressed.

Then several of the new models were taken to the mountains of Pennsylvania and given "more punishment than any trucks were ever given

Building

MEANS

Business

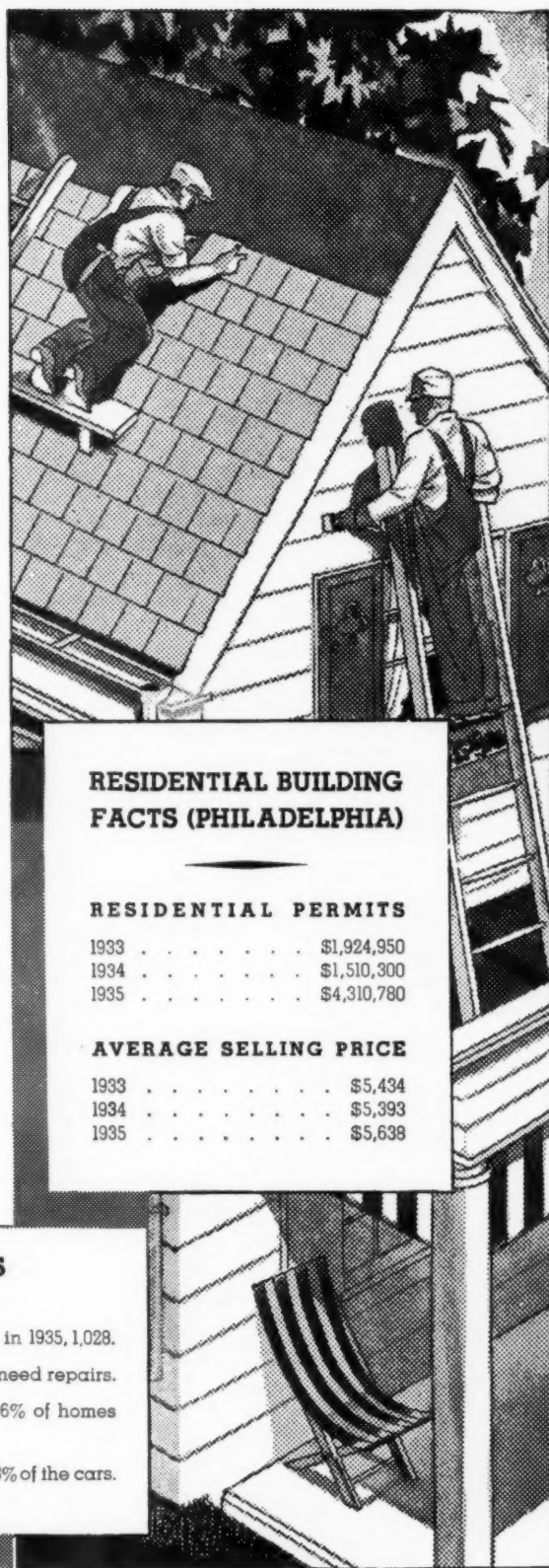
IN PHILADELPHIA

Pent up home buying energy has broken loose in Philadelphia. One builder sold 224 homes in 1935 and another, on Sunday, March 1st, 1936, sold his entire operation of 12 homes in less than 6½ hours.

Philadelphia is 20,000 homes short of the number needed to meet the normal demand of the last 5 years.

When building booms, sales start in other trades which means that Philadelphians will buy in 1936 at least 47,000 refrigerators, 8,500 oil burners, 114,000 radios, 17,000 vacuum cleaners, 44,000 washing machines and \$34,000,000 worth of furniture.

Business is waiting for you in Philadelphia but experienced advertisers know that it comes easier when they use the PHILADELPHIA INQUIRER with its tremendous circulation (700,000 Sunday, 278,144 daily) and low (\$1.10) milline rate.



RESIDENTIAL BUILDING FACTS (PHILADELPHIA)

RESIDENTIAL PERMITS

1933	\$1,924,950
1934	\$1,510,300
1935	\$4,310,780

AVERAGE SELLING PRICE

1933	\$5,434
1934	\$5,393
1935	\$5,638

MISCELLANEOUS BUILDING FACTS

Homes needed per year (normal) 5,600. Total number of homes built in 1935, 1,028.

91% of homes are more than ten years old. 137,977 residential structures need repairs.

82% of all residential structures are single family dwellings. Only 4.6% of homes are heated by oil.

Only 18.4% of homes have private garages. These accommodate only 48% of the cars.

CONSTRUCTION

There was a 477.5% increase in new residential construction in the first two months of 1936 compared with the same months last year.

There was an increase of 422.9% in the dollars spent in the building of homes in the first two months of this year compared with the same period last year.

The Philadelphia Inquirer

Pennsylvania's Greatest Morning Newspaper

NEW YORK, H. A. McCandless BOSTON, M. L. Tyler SAN FRANCISCO, Keene Fitzpatrick
CHICAGO, DETROIT, ST. LOUIS, Guy S. Osborn, Scolaro and Meeker, Incorporated

NEWSPAPER ADVERTISING IS POINT-OF-SHOPPING ADVERTISING



Special Body Beautiful: Modern design of cab and chassis incites many buyers to spend large sums for bodies equally well styled. Coca-Cola makes the most of line, massed bottles, and display of name in this special job.

before." They were driven day and night, up hill and down dale, most of the time with the throttle wide open, carrying a load of 14,150 pounds. Spectacular tests were made on an abandoned logging road up a mountainside. Deliberate efforts to break them or wear them out were made while a motion picture recorded both tests and results.

A group of known hard-boiled critics composed of about 75 managers, service men, and others noted for finding fault, was then brought in for the deliberate purpose of finding something about them to criticize.

White next bought a fleet of trucks of competitive makes and drove them day and night under test conditions to secure comparative data.

Brilliant Introductory Bows

Satisfied that the product was right, the factory sales organization conducted meetings in principal cities to sell its branch and dealer men on the new models and to introduce the line to some 25,000 truck operators. Handsome invitations, featuring several of the artist's modernistic sketches in color, were sent the operators and were followed just before the meeting by a reminder card printed in red and white on black. Pictures of the road tests were shown, suitable exhibits were provided, and the operators were told of the beauty, strength, and safety of the new White line. Special deluxe bodies designed by Sakhnoffsky were also shown.

White was an exhibitor at the New York auto show for the first time in 20 years.

The advertising campaign broke in leading magazines and trade papers in October, featuring four-color cuts made from the artist's unique drawings—the first time four-color ads of motor trucks had ever been seen anywhere.

The annual meeting of The White Club, composed of star salesmen from all parts of the country, was held in Cleveland in December and the mem-

bers arrived with business as well as pleasure in mind. For one thing, they brought along bona fide orders for 550 trucks, the largest number ever turned in at such a meeting; for another, they had a number of constructive suggestions to offer concerning White's "Going to Town" program for 1936.

Chief of these was that the factory and the dealer organization collaborate in a coordinated direct mail advertising and personal call campaign that is said to be different from any plan heretofore undertaken in the truck industry.

According to this plan, which was adopted and is now in operation, every White salesman, dealer, and dealer salesman was furnished explanatory forms on which to submit names and addresses of 100 prospects on whom he pledged himself to call during a specified period of 12 weeks. These names were divided into four groups of 25 each and the mailings were so scheduled and coordinated with the salesman's call that every prospect received one of the mailings just a few days—never more than four days—before the salesman called. Emphasis during this campaign was on prospects who were not then White owners, rather than on those with whom the salesman was already well established.

There were three mailings, consisting of broadsides and catalogs, all developed in four colors, featuring the modernistic sketches of the designer.

700 Advance Orders!

The new models were put in production in November, but results began to manifest themselves even sooner. More than 700 orders were received prior to the initial announcement, President Black said, and since then orders have poured in from every state in the Union and from 27 foreign countries.

"The reception given our new streamlined models by buyers all over the country convinces us that styling

is going to sweep the entire motor truck industry," Mr. Black said. "We are going to make the 1,200,000 obsolete trucks now in service so conspicuous that everyone will be ashamed of them. They *should* be ashamed of them. Furthermore, they should be afraid to operate them. They are a menace to public safety, to say nothing of that of the drivers.

"Here's another angle. A beautiful truck costs no more than an ugly one. It costs less, in fact, because it is more economical to operate. Our new, stylish trucks attract attention everywhere. I would say that each is a traveling advertisement with a pulling power equivalent to at least several billboards. Most truck operators are advertisers or need advertising. Well, one of our trucks is the best rolling advertising he can buy.

Better Styled Bodies, Also

"This isn't just my enthusiasm over our own product. The operators themselves realize that it is a fact and they are taking advantage of it. The operator who used to spend three or four hundred dollars for a truck body now is investing twelve or fifteen hundred in a beautiful one to match our new chassis and cab and to take the fullest advantage of the advertising value of his new traveling advertisement. Why, a produce man the other day bought one of our new-style jobs and paid \$1100 for a stylish body to put on it! Other operators, such as department stores and delivery organizations, are putting their drivers in new, smart uniforms to be in keeping with the new style trucks they're driving.

"The paint manufacturers have developed new colors for our line and one of the largest recently ran an advertisement in a national magazine devoted entirely to the application of its product to White trucks.

"You can't stop progress. Today's motor-minded public recognizes that ugliness in a motor truck is no more excusable than lack of safety—and neither is now excusable. So these are the two factors we have kept uppermost in mind in the engineering design and external styling of our new models and they are the two factors which we are emphasizing in our advertising and selling.

"They are both powerful factors and they are getting the results. We're already off to a record start and we are confident that this is going to be the biggest year, by far, in all White history. We aren't fooling when we feature the sales slogan, 'Going to Town With White in 1936.'"

SALES MANAGEMENT

An Extemporaneous Sermon That Took Sixty Years to Prepare

There was a Conference of ministers in a certain town. One lion-headed preacher had sat quietly through it for a number of days until, toward the end, he was suddenly and unexpectedly called upon to speak. He arose thoughtfully and almost stumbly fumbled for his words. Finally his thoughts took form, his words fell into the rhythm of a marching column, and his impassioned oratory beat down upon the upturned faces of his audience until, as he rose to his peroration and reached his climax, the whole sedate Conference broke into a spontaneous applause that shook the room.

He had delivered the master oration of the Conference.

When finally the applause subsided, a cocky young D.D. strolled up to him.

"That was a masterly address you delivered without preparation," he said. "How long did it take you to prepare it?"

The older man looked gently for some time at the younger one before he answered. And then:

"Sixty years, young man," he said. "Sixty years."

* * * *

So it is that the world takes cognizance only of the finished product, whether it be institution or individual, and forgets the long intervening years of preparation in which the activities must have been right and the thinking sound in order that the outcome may receive the enthusiastic acknowledgment of the people who count.

Bell Telephone, General Electric, General Motors, U. S. Steel, and a dozen others, manned by groups or individuals, are American Institutions now that are, for the most part, spoken of as impersonally as one speaks of the Law of Gravity. Even with so highly a personalized institution as Ford, the word is referred to and thought of half the time as a common noun and not as the name of an individual. And as for U. S. Steel, nobody even remembers that this great institution was once no more than the dream of a young Chicago lawyer named Elbert Gary.

* * * *

Toward the end of the year 1935 Macfadden Publications, without any particular fanfare of trumpets, announced the largest voluntary* magazine circulation in the world, a circulation far in excess of six million voluntary (single copy) sales, and a total net paid circulation pretty close to eight million.

Macfadden further announced that practically all of this circulation is in a new field, virtually untouched by old magazines, and therefore reaching and making articulate a vast new market for American wares.

*Voluntary circulation is the number of copies of a magazine that people will buy, issue by issue, if left to their own devices.

And within a few days after this announcement an important executive head of a large advertising agency came over to look into this Macfadden organization and, not in the slightest unnaturally, to try to draw his conclusions as to whether this "sudden" accession to leadership is sound.

No, not in the least unnaturally, because like all institutions that have slowly and quietly grown to leadership the intervening years are forgotten and, for the moment, the new picture seems a bit unreal.

Yet Macfadden is closely approaching his fortieth year in the magazine field.

During those forty years every Macfadden magazine has paid its bills and remained solvent. Like other institutions that arrive at leadership, its progress has had to be steady, its thinking sound.

More than two hundred thousand people now gain their livelihood in part or in whole from Macfadden Publications. Macfadden himself has laid down a Foundation fund of five million dollars, devoted to the welfare of generations to come. A comparatively small Foundation, but a very substantial one.

Also, like other institutions, Macfadden Publications have maintained a substantial relationship with their own personnel. The average tenure of office of our executives is over eighteen years. A number of our offices scattered throughout America have had no change in their personnel, from salesmen to executives, even during the past seven years.

This maintenance of executive organization over a long period of time is not always possible even amongst the biggest of institutions. Upsets of major importance do occur. In our case, the maintenance of a strong organization has probably merely been due to greater good fortune. But it has been of tremendous value in the credit column of stability. It is in this wise, and by other careful measures of progress and thinking, that all organizations do come up through long intervening years to their positions in leadership.

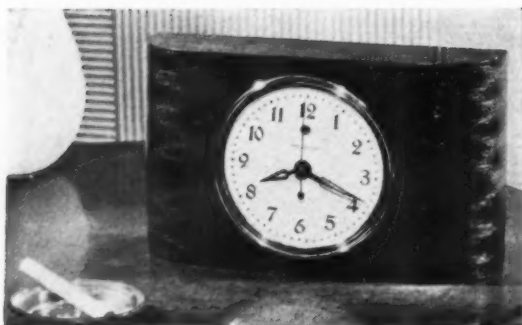
* * * *

It hardly seems possible that the first Macfadden magazine to sense this new American ideal of a participating world, this new relationship between mass producer and mass consumer, is now approaching its first quarter of a century; and that other Macfadden magazines that picked up this new theme in American life have long since passed their first decade.

Today manufacturing America, in practically every line of production, has the largest institution of its kind in the world. And Macfadden Publications have the largest voluntary magazine circulation in the world; all, like other great institutions, built within the field of its own endeavor; and like other great institutions, constituting a tremendous and definite factor of its own —

The Macfadden Market.

[Advertisement]



GE Newcomer: (Above) General Electric's appliance and merchandise department adds two models to its electric clock line. Above is one, the "Concord." It has a self-starting motor, striped mahogany case, cream-colored dial with black numerals. Priced at \$7.95.

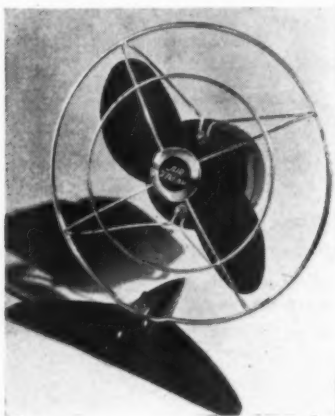


Robotyper: With this automatic typewriter "personal" form letters may be produced at three times the speed of the best hand typing. One girl can operate four of them. The invention of George W. Carlson, the Robotyper works with a vacuum principle pressing down the keys, a perforated paper roll similar to those of a player piano, governing the device. Any standard typewriter may be used with it, no elaborate alterations being necessary. A small black and silver cabinet houses the Robotyper in handsome fashion. Otto Kuhler, industrial designer, who created the cabinet, was able to effect great savings in space, the operating unit being only 18x21x37 inches. Automatic Business Machines, Inc., Pittsburgh, is the maker.

Designing to Sell



Fan Trio: Above is the "Safe-Flex" fan whose blades of moulded rubber need no guard because they cannot cut a careless finger stuck between them. Yet, these blades are rigid enough to deliver a steady current of air without any noise. Samson United Corp., Rochester, N. Y., manufactures it in brown, green or ivory. Left and below are two fans designed by Robert Heller for the A. C. Gilbert Co., of New Haven. The one with blades resembling a ship's propeller is mounted on a standard like a floor lamp, adjustable as to height. Selling for \$1.49, the Air Stream (below) has blades like a plane propeller and the base suggests plane wings.



Open Up: (Above) Shucking the wrapper off a package of cigarettes and getting at a smoke is done in a trice when the pack is inserted in this counter gadget. Moreover, it serves as a permanent advertisement for Feen-a-mint. Advertising Film Associates, New York, makes it for Health Products Corp., Newark. The entire case is of black Bakelite to which colorful printed labels are affixed. Drug stores throughout the country are to have it on their tobacco counters shortly.

"In the News" means "In Demand"

New Products



Royal Rochester Iron

No. 110 non-automatic; 130 automatic, 6 lbs.; 850 watts; 140 automatic 4½ lbs. 1000 watts; streamlined point glides into tucks, sleeves, pleats; air-cooled black BAKELITE handle; beveled edge; permanently attached cord; attached rest stand; fabric heat control on automatic irons; finger tip control; on-and-off switch on non-automatic model.

—Electrical Merchandising



The News value of 'BAKELITE' appeals to Dealers

PUBLISHERS of Dealer Papers recognize the value to dealers of the trade-name BAKELITE as a sales help. Dealers know that products made with Bakelite Materials find more ready acceptance with the buying public. For this reason dealers' salesmen point out as an advantage, and an evidence of quality, any fittings or parts that are of Bakelite Materials.

All of the above is a plus value that the manufacturer obtains through using Bakelite Materials in his products. The basic advantages will be found in production econo-

mies, simplified assembly, and improved appearance, performance, and quality. Its use often makes possible more attractive and compact designs, and eliminates the need for any enameling, lacquering or plating.

Bakelite Materials are of many types, including molded, laminated, cement, varnish, lacquers, and others. To learn more about them, and how they may benefit your own products, write for our interesting and informative illustrated booklets 26M, "Bakelite Molded" and 26L, "Bakelite Laminated".



Pressing Iron with cool, ventilated handle and thumb switch of Bakelite Molded. Product of Robeson Rochester Corp., Rochester, N.Y.

BAKELITE CORPORATION. 247 PARK AVENUE. NEW YORK, N.Y.
BAKELITE CORPORATION OF CANADA, LIMITED, 163 Dufferin Street, Toronto, Ontario, Canada

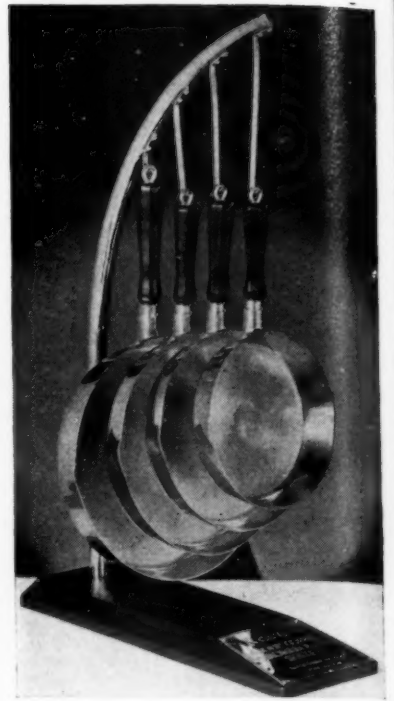
BAKELITE

The registered trade marks shown above distinguish materials manufactured by Bakelite Corporation. Under the capital "B" is the Bakelite logo, a stylized "B" inside a circle, which is the numerical sign for infinity, or unlimited quantity. It symbolizes the infinite number of present and future uses of Bakelite Corporation's products.

THE MATERIAL OF A THOUSAND USES



Handsome? (Left): Wayne Oil Burner Corp., Fort Wayne, Ind., says its new air conditioning furnace is "the most beautiful and efficient unit ever offered for the home." Beneath the gray enamel and chromium trim are furnace, oil burner, fans, humidifiers, and filters, yet every part is readily accessible. Lawrence Blazey, of Designers for Industry, Inc., Cleveland, created it.



Skillet Quartette: (Above) Because these skillets are made of solid copper, excellent heat conductor, they cook evenly with no hot or cold spots. They also have a coating of nickel, and atop that a chromium finish that cleans with a minimum of scouring. Revere Copper & Brass, Inc., Rome Manufacturing division, is supplying dealers with this counter display rack which is as sturdy and eye-catching as the skillets themselves. It's chromium, too, with a black hardwood base.

Waltzing Kittens: (Right) Waples-Platter Co., of Fort Worth, presents salad dressing in these "safedge" tumblers and thereby gains distinction. For housewives can quickly identify the glasses with the gay decorations in blue, red, yellow and green. The containers, of course, are reusable as drinking glasses. Owens-Illinois Glass Co., Toledo, makes them.

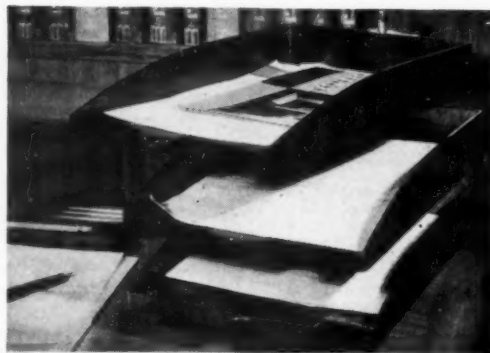


Time Resisting: (Left) After a six months' study of the market, Kensington, Inc., found that buyers of picture frames wanted a metal that would not tarnish or finger print; that would keep out sifting dust; that would not scratch table tops; and that could stand considerable rough handling, if necessary. All these qualifications are met in the frame shown, declare company officials. Kensington metal looks like old silver, but needs no polishing. Frame prices run from \$5 to \$9, depending on the size.



Pour-Lip: (Above) Druggists and the public liked the Pour-Lip bottle so well on gallon sizes that Abbott Laboratories, Chicago, is using it on its 12 and 16-ounce bottles. The overhanging lip permits steady pouring without splashing and prevents any drip. A screw cap is air-tight, comes off in a jiffy. Engineer Edward A. Ravenscroft, of Abbott, designed it. Owens-Illinois are the producers. Modern Packaging awarded it a prize in the 1935 package competition.

Place for Everything: (Right) This desk set's three trays are fastened to a chromium plated post which clamps down firmly. Each tray may be swung around. Rotary Desk Corp., Brooklyn, makes them of Bakelite molded in mahogany, walnut, oak and black. Durability is a major selling point.



DESIGNING TO SELL



ALONE, on your desk, your package looks like a knock-out—but in the competition of the store it may retire to obscurity.

Good packaging is a matter of meeting competition on the shelf or counter. Good packages on the shelves shout “Here I am—you need me.” Good packages properly displayed on the counter invite handling by new customers, remind old customers to buy the product again.

If you have a problem in packaging or display, our many years of experience in packaged goods merchandising is available to you. A letter will bring this experience to bear on your problem without any obligation on your part.

Each Tuesday Night
N.B.C. WJZ Network
BEN BERNIE
“and all the lads”
Sponsored by
AMERICAN CAN COMPANY

AMERICAN CAN COMPANY

230 PARK AVENUE, NEW YORK

MARCH 15, 1936

[399]

Chicago American Survey Shows Refrigerator Sales Map Shifts

SALES maps sometimes change quickly and in changing they may reveal startling facts. A survey of the mechanical refrigerator business in Chicago, just completed, gives some idea of what may happen. This survey was made by the Chicago *Evening American*.

A few years ago, when the mechanical refrigerator industry was new and its product was looked upon as a luxury item, the dealer situated in Chicago's wealthiest districts got the cream of the business. He prospered.

Chicago has three distinct "wealth" districts. They are the old Gold Coast which, modernly, has grown until it stretches from Streeterville to Belmont Harbor and beyond, the Edgewater strip, and a section of the swank South Shore.

The recent survey shows that every local dealer in these sections has folded up or has moved to some new happy hunting ground. Not one is left. These neighborhoods are saturated.

Nor are the neighborhoods known as upper middle class districts far behind. These comprise mainly Rogers Park, a large part of Edgewater, all of the South Shore lying back of the "wealth" areas, Beverly Hills, and a few square blocks on the west side.

In all these square miles of upper middle class residential sections only 11 independent dealers were found selling refrigerators last year. These sections, too, it would seem, have practically reached the saturation point.

Low Incomes Best Prospects

But in the middle, lower middle and low class buying power sections, where dwell 88% of Chicago's population, there was found a thick studding of dealers, many of them recently established, who are doing a surprisingly active business.

This tremendous volume in middle, lower middle, and low class buying power areas is to be expected because the domestic mechanical refrigerator, like the automobile, the radio and the washing machine, must get its substantial volume from the great masses.

Berwyn and Cicero, two suburban towns in the Chicago area, and of middle class in buying power because populated largely by wage earners and small-salaried people, were the best markets per capita in the Chicago area in 1935.

The survey shows that approximately 80,000 refrigerators were sold in Chicago last year. Of these the largest volume was sold by independently owned outlets. Another large segment of the total volume was sold by chains, specialty, furniture and department stores of the Wieboldt, Fish, General, Straus & Schram and Commonwealth Edison Shops type. State Street department stores and single-unit department stores in the out-of-the-Loop centers account for 5,000 more. This survey clearly indicates the exact location and volume of all dealers in the various volume groups.

Twenty-five thousand were sold by Sears, Roebuck, R. Cooper, Jr., (G-E direct sales only included) and manufacturers to apartment houses.

50% of Sales by Independents

Analyzing these facts it appears that the average manufacturer coming into Chicago has his problem broken down into:

- (1) The independent dealer,
- (2) The general, specialty shop and department stores,
- (3) The State Street department stores, etc.

He can go after a share of the apartment house business but he has little or no chance to do business with Sears, Roebuck or R. Cooper, Jr. It remains, then, that the part of the business he had a chance of getting in 1935 was to be taken out of the 55,000 remaining units.

The survey indicates that the independent dealers checked account for better than 50% of the business that any manufacturer will do in Chicago.

To be a little more exact, 267 independent dealers in Chicago in 1935 sold 29,059 boxes, while the total volume of nationally known makes through the large chain outlets and department stores (G-E figures on their direct selling not included) was 25,941.

And here may come another shock!

Sixty-nine of the 267 independent dealers, or only 26%, sold 20,457 refrigerators or more than 70% of the total independent dealer business!

More, the 18 independent dealers who have survived in Chicago's upper middle class section during the year sold only 797 units while 129 in the middle class areas sold 15,042.

Going down the scale, 46 dealers located in the lower middle class sec-

tions sold 3,759, and 47 dealers in the poorest areas sold 2,743.

The survey shows something else about the merchandising methods employed. Manufacturers for some time have offered a very small low-priced box. These consist of up to 4½ cubic feet of cooling space. They are often referred to as a "profit loss leader" box.

The maker takes a very short profit on them and the dealer, considering overhead, probably none at all. They are advertised, on price, but are generally considered merely a "puller-in." They are too small for any ordinary family. One dealer, with a grunt, said:

"I'd fire a man who sold one."

Larger Dealers Are Smarter

The smart dealer insists that his salesmen "talk up" the prospect for one of these small boxes to a box large enough to fit the needs of the particular family—and a box more profitable for the dealer. Now it may be assumed that the larger a dealer is the smarter and more aggressive he is.

Analysis of sales gives a cross section which indicates somewhat the persuasive powers, or sales ability, of the large dealer compared with the small dealer. As an example:

Dealers Selling 20 or Fewer Boxes per Year

	Small up to 4½ cu. ft.	Medium 5-5½ cu. ft.	Large 6 cu. ft. and up
1934	39.0%	40.0%	21.0%
1935	9.0%	62.6%	28.4%

Dealers Selling 201 or More Boxes per Year

	Small up to 4½ cu. ft.	Medium 5-5½ cu. ft.	Large 6 cu. ft. and up
1934	14.0%	62.0%	24.0%
1935	2.7%	51.3%	46.0%

One outstanding fact indicated in the above is that the bigger dealer, and so the smarter dealer, has kept his short-profit sales down much lower than the small dealer and has been far more successful in moving the larger sizes of refrigerators. All classes of dealers have learned much about this same subject in the past year and were far more successful in selling large-sized units in 1935 than in 1934.

The survey also reveals some pertinent facts about dealer mortality. The year 1934 closed with 237 independently owned outlets. Of these 45 passed out of existence in 1935, leaving only 192. But during 1935, 75 new ones were opened, making a total at the end of the year of 267.

Again, during 1934 there were 101 dealers who sold from only one to 20 refrigerators. In 1935, even though the total number of outlets had gone up, the number in this volume bracket



76% Home Delivered In Detroit ----

Detroit's home dwellers—the most substantial citizens—were the first to receive the impulses of recovery and the first to respond to the quickening pulse of Detroit's industrial rise. They are the people that take *The News*—the people for whom *The News* is edited. They represent the largest group in the Detroit trading area and the most important to advertisers, for they have the money to spend for new things, new wants.

When you select *The News*, therefore, to carry your message, you choose the largest audience in the Detroit trading area and the most financially able—an audience made up of 76% home-delivered subscribers—a sizeable percentage of whom insist on the Wall Street Edition because of their financial interest.

The Detroit News

THE HOME NEWSPAPER

New York
I. A. KLEIN, Inc.

Chicago
J. E. LUTZ

was reduced to 75; of these, 34 were new, starting in business during the year.

On the other hand, only 20 dealers in 1934 sold from 101 to 200 boxes while in 1935 the number increased to 32. Fifteen dealers sold 201 or more boxes in 1934, as against 37 in '35.

Two other outstanding facts are thoroughly revealed by a tabulation and comparison chart which comes out of the survey. They are:

(1) The value of the intensive educational effort that Norge, Westinghouse, Frigidaire and other manufacturers have made with the independent dealers. They have made them better merchants.

(2) The dealers themselves, with another added year of experience, see the value of house-to-house work, newspaper advertising, display, etc. They are doing something on their own to become better merchants.

This is further indicated by the fact that while 74 dealers did approximately the same volume of business in 1935 as in 1934, a total of 119 moved into higher volume brackets.

Again, out of the 75 new stores started, 13 sold enough refrigerators to place them in the highest bracket—201 units or more.

Perhaps the refrigerator manufac-

turer would like to know something about the trend in house-to-house canvassing. The *American* survey has figures on that, too. The following is gleaned from one of the tables:

Dealers in 20 or Fewer Boxes per Year

	1934	1935
Dealers using h-to-h men.....	7.4%	25.0%
Sales from "home only" contacts	2.9%	2.9%
Sales, both home and store contacts	12.4%	13.3%
Sales, store only contacts.....	84.7%	83.8%

Dealers in 201 and Upward Boxes per Year

	1934	1935
Dealers using h-to-h men.....	68.8%	89.2%
Sales from "home only" contacts	13.4%	22.9%
Sales, both home and store.....	34.7%	37.3%
Sales, store only contacts.....	51.9%	39.8%

Analyzing the above, the conclusion might be drawn that the more house-to-house men a dealer employs the more business he does. The higher percentage of business done comes from home-only contacts and from home-and-store contacts. The big dealer doesn't wait for business to walk in. He goes out after it.

It might be argued, too, that the successful dealer very likely trains his men more effectively, perhaps selects them more carefully, and so obtains better results from their canvasses. At any rate it seems to be an established fact that the larger dealer stresses his house-to-house crews more.



Chatham now makes sure its whole selling story on a pair of sheets gets to the consumer. Selling copy and "specification" are printed on the transparent wrapper.

product has been tested and what it will do for her.

The Miller-Smith Hosiery Mills wraps three pairs of women's stockings in a single transparent package—to get three sales where one grew before—and compresses its printed copy into these quick phrases: "Fine gauge, pure-silk, extra sheer, very clear, garter run-proof," intended to answer at a glance most of the questions a woman might ask a clerk.

Luxuray, Inc., wraps each of its five garments made of Mellocel in a single type of card-backed envelope. All five products—step-ins, sport briefs, bodice top vests, bloomers, band panties—are illustrated with selling copy for the whole line on the front of the package, a pasted-on arrow pointing to a picture of the particular product enclosed. Sales copy on the reverse of the package tells the customer that Mellocel "washes easily, dries quickly, needs no ironing, has a dull, 'petal-soft' luster that is permanent, holds its shape without stretching," so banishing the still-existent distrust in synthetic fabrics.

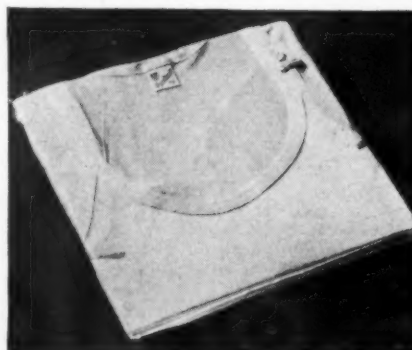
Thus a long line of manufacturers are using their packages to do a good deal of their retail selling. They are trying to make sure that the whole truth about their products is told to even the most casual counter glancer. And they get double service from their transparent package enclosures.

Selling Copy on Cellophane Makes Packaging Do Two Jobs At Once

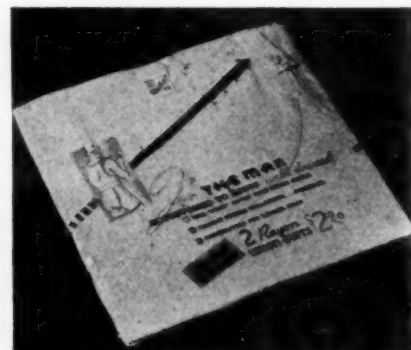
FOR years transparent wrappings have given merchandise new sparkle, new shelf-cleanliness, new customer appeal. But Cellophane and such have been dumb salesmen. Today they have a voice—thanks to printing process developments. This Spring all sorts of merchandise in retail stores will practically sell itself by the use of skillful artwork and copy on the transparent enclosures. Manufacturers are carrying their selling story clear to the consumer.

This new selling power in packaging has already begun to make itself felt. Chatham Manufacturing Company, having secured sound sales effect by adopting "specifications" for its sheets and pillow cases, this year is printing these specifications on the transparent package enclosures. Using color and pleasant art, it not only emblazons its product name but also tells Mrs. Customer all about the product: Its quality, its thread-count, its tensile strength, even the amount of sizing in the fabric. And there are some pieces of headline selling copy that probably leave most women convinced that "Now you can know what you are buying."

The makers of Sakura underdummies for women go one step further. A filmy pair of panties is backed up with a card to hold the garment neatly flat, and the front of the transparent package carries the product name and decorative touches of artwork suggestive of Japan and cherry blossoms. But the flat back does a triple job of selling. Printed copy there not only establishes the fact that the garment is made of Bemberg; it also illustrates how to wash and press it and carries some text telling the customer how the



Before and After Taking: An undershirt in plain transparent wrapper used to be attractive enough, but now the wrapping does a selling job too.



**"Display these in the window . . .
they advertise in Farm Papers"**



CLERK:

"I notice our farm trade is asking for this brand lately."

DEALER:

"Yes, since they started advertising in farm papers."

★ ★ ★

ALERT dealers are watching manufacturers' advertising in farm papers more than ever this year. They know that farm incomes are up

and that brands advertised in farm papers are soon preferred in farm homes.

"Farm incomes in 1936 will be at least 10% more than in 1935, and SALES to farm families will be MORE than 10% greater," say reliable authorities.

Manufacturers who advertise in farm papers will capture the great share of this business.

Farm papers are read from cover to cover in over 89% of farm homes.

YOU CAN'T SELL THE FARM FAMILY WITHOUT *Farm Papers*

FARM JOURNAL
PROGRESSIVE FARMER
SOUTHERN AGRICULTURIST
PRAIRIE FARMER
WALLACES' FARMER & IOWA
HOMESTEAD
THE FARMER (St. Paul)

SUCCESSFUL FARMING
WISCONSIN AGRICULTURIST
& FARMER
THE FARMER-STOCKMAN
FARM AND RANCH
THE OHIO FARMER
PENNSYLVANIA FARMER

HOARD'S DAIRYMAN
MICHIGAN FARMER
INDIANA FARMER'S GUIDE
PACIFIC N. W. FARM TRIO
(The Washington Farmer, The
Idaho Farmer, The Oregon
Farmer)

CAPPER'S FARMER
KANSAS FARMER (Mail &
Breeze)
MISSOURI RURALIST
CALIFORNIA CULTIVATOR
MONTANA FARMER
UTAH FARMER

Congressional Action Due Soon on Anti-Chain Store Bill

FTC Decision on Sears-Goodyear Case Encourages Friends of Patman-Robinson Bill; Six Points of the New Deal; Big Study of Family Spending Started

Washington, March 9.

THERE is a plethora of material for sales and business executives here in Washington this month. It's hard to evaluate. The perspective is shadowed by the tax bill.

Measures like Walsh Government Contracts (S.3055), Duffy Copyright (S.3047), and Wheeler Federal Trade (S.3744) would be in a relatively strong position for enactment at another session. However, attention by those affected (virtually every business) should not be relaxed. Any one of these three, as well as less important measures, may become law within the closing days of the session. And, by the way, adjournment is a good way off. It looks like the middle of May. Perhaps later.

To take the latest picture on the above-mentioned three bills categorically, in thumbnail sketch style:

WALSH GOVERNMENT CONTRACTS: Sporadic ups and downs during the session. Being vigorously pushed by labor right now due to recent disclosures about unemployment increases. A new bill (H.R.11554) has been introduced in the House. Sub-committee hearings start March 16. Probable Administration support, but not strong right now. White House and departments pulling their punches on all bills which might react badly during campaign year. Nevertheless expect favorable committee report to floor early in April.

DUFFY COPYRIGHT: Length of hearings before House committee may defeat Senate protagonists at this session. Senator Duffy is hopeful for passage and enactment. About time this edition reaches you the "meat" of the hearings should start. In other words, manufacturers affected by design copyright provisions of Vandenberg Amendment (passed by Senate) will be interested in testimony during the latter part of month. May reach the House floor in late April. If so may become law, unless controversy over Vandenberg Amendment flares up.

WHEELER FEDERAL TRADE: Opposition was heard on March 3. Bob Freer, new commissioner at Federal Trade, answered charges against the bill via filed brief. Freer, by the way, used to be Senator Wheeler's secretary. The Senator is optimistic about possibilities of Senate passage at this session. The situation in the House is much more dubious. Enactment unlikely at this point.

Sub-surface information on the chain store proposal only strengthens

the earlier report. Action on the floor is due soon. Passage is now a foregone conclusion unless an adjournment revolt stalemates the legislation on the House side. Senators in the doubtful column are swinging over to favor.

The most indicative episode during the two-day mass meeting of small merchants at Constitution Hall here was the abandonment of further speeches and cheers in favor of spade work in the corridors at the Capitol. The six associations who gathered about 1,500 enthusiastic proponents (all rooting for passage of the Patman-Robinson measure) went through the first day of their scheduled two days of speeches (Wednesday, March 4) listening to Senator Robinson, Senator Tydings, Rep. Patman. Instead of going through with the program, however, they voted to spend Thursday (March 5) doing a little missionary work. Constitution Hall was empty.

The National Association of Retail Druggists, the National Association of Retail Grocers, the National Association of Wholesale Grocers, the U. S. Wholesale Grocers' Association, the National Association of Wholesale Fruit and Vegetable Distributors and the National Association of Tire Dealers were represented.

The Federal Trade decision in the Goodyear Tire-Sears, Roebuck case is causing a lot of talk. Consensus at the moment seems to be that it will have a broad effect on the pending price discrimination legislation. The appeal by Goodyear to the courts against the cease and desist order issued by the Trade Commission will not be decided soon enough to deter the present drive for enactment of the Patman-Robinson measure. The contract between Goodyear and Sears discriminated against Goodyear's own dealers in price. This makes a perfect target for proponents.

The consumer purchases study is well under way. Field work by the Works Progress Administration has been started. Faith Williams, who directed the Wage Earner study last year, is in charge. Considerable confusion seems to exist about the former study (known as the Wage Earn-

er) and the current vertical survey, the official title of which is the "Urban Consumer Purchases Study." They are entirely separate jobs.

Study Purchases in 40 Cities

Findings of last year's work are to be published in the *Monthly Labor Review* each month until fully presented. Manchester, N. H., will appear in their issue about March 20.

Forty cities have been selected for the new consumer purchases survey. Reports from field workers are to be completed by July 1. The rough drafts will be complete in August. Early reports may be ready for publication in SM during September.

No work of this type, previously undertaken, will compare with this job. The study is not going to be made in direct ratio to population of cities nor income groups. In other words, certain income groups may need greater examination and more detail than others.

Everything above relief and up to the \$10,000 income level will be included. Early efforts to get up to the \$25,000 group have been abandoned.

The groupings being used by the Bureau of Labor Statistics in summarizing consumption data are:

Food	Personal Care
Clothing	(incl. personal service)
Housing	Medical Care
Household Operation	Recreation
Fuel, Light	Education
Refrigeration	Vocation
Laundry	Community Welfare
Telephone	Gifts and contributions to persons outside of family
Household Service, Etc.	Miscellaneous Items
Transportation	Total Current Expenditures

Both quantitative and qualitative analyses of the above material will give merchandising a solid background not yet provided by any governmental operation.

Many of the cities to be studied will be duplications of the earlier wage earner study. However, there will be no duplication of families. A checking system has been established to avoid this. Different types of families will be sought; those of five adults and one child as well as those of two adults and three children.

When asked to describe precisely what the study sought to do, Faith Williams said, "We are going to select the families to be studied in such a way that we will have data on the average consumption of families of given types at various income levels."

The report by the Berry Council of Industrial Progress deserves study. There are six sets of proposals.

First, there is support for the

SALES MANAGEMENT

profit system. Second, the usual recommendation that industry take up the unemployment slack. Third, the report declares for an economy of abundance. Fourth, free competition, as differentiated from unfair trade practices, is a platform. Fifth, and perhaps most important, the report digs into the subject of loans to industry, financial aid to small enterprises. This may carry enough strength to touch off a subject which has been smoldering here for a long time. Loans to industry will be warmly discussed at the next Congress. Sixth, the report deplors the advisability of Government competing with Industry.

A New "New Deal"?

Legislation may be introduced at this session, seeking to incorporate the Berry Council findings into a tangible program. A "new" New Deal is still dinner table talk. However, re-election in November for the Administration may mean the immediate crystallization of some such plan. This goes for a new agricultural program as well.

The largest civil agency of the Federal Government will be set up during the next few months. Social Security, already administering the State-Federal plan of unemployment compensation and State-Federal old age assistance, must complete plans for administering the largest and most complex part of the Act at once, old age benefits.

The organization will be by districts. Thickly populated states will have several district offices, some states only one office. Each district office will handle the records of all employees and employers in its area. In all, some 25,000,000 persons will have to be card indexed. Every employer is affected. This part of the Act has nothing to do with State laws. It is purely a government operation.

Because employers and employees must begin payment of taxes for old age benefits on January 1, 1937 (nine months hence), by that date a complete record of all eligible employees must be in the hands of the Social Security Board, and by that date the Internal Revenue's plans for collecting the tax must have been formed.

The political expediency of having these millions of names may be discounted. The Social Security Board, down through Governor Winant, Director Bane, Board Members Altmeyer and Miles, is the one department here farthest from criticism. Governor Winant, alone, is enough to insure a "clean" administration of the Act.

Hawk

MARCH 15, 1936



The Advertising Who's Who

The 1936 Edition—

THE 1936 Product Edition of the Standard Advertising Register will be ready for distribution early in April. Now is the time to enter your order for it; or if you want the most accurate and dependable service kept continuously corrected subscribe to the complete service, which includes the Register,

Agency lists (3 issues a year) and monthly supplements to both plus the Special Bulletins.

The "Register" lists over 9500 advertisers giving complete data on each such as—personnel, agency placing the account, time of year that schedules are made up and other very helpful "Sales Building" material.

Write our nearest office

NATIONAL REGISTER PUBLISHING CO.

330 W. 42nd Street, New York • 333 N. Michigan Ave., Chicago, Ill.

To Help You Sell the Whole Hardware Field

Hardware Age now offers you—

20,000 Paid Circulation—

one subscription to every six persons engaged in the hardware wholesale and retail trade (counting even office help, warehouse men, delivery clerks, etc.)

80.71% Renewal Rate—

denoting very high reader interest

and

Sound Circulation Distribution

in close parallel to the distribution of hardware store sales.

Let Hardware Age help increase your sales in this important field.

HARDWARE AGE

A Chilton Publication

239 West 39th St. New York
ABC—Charter Member—ABP

CARR SPEIRS NEW SALES CONTEST

"The Battle of the Century"

A HARD-HITTING, INSPIRATIONAL, HUMOROUS TAKE-OFF OF THE SPORT ALL MEN LOVE—PRIZE FIGHTING!

Send for samples and prices, 16 complete mailings in 2 colors, easily personalized to your organization.

Please give number of contestants to be included in a contest.

CARR SPEIRS CO.

Stamford, Conn.



[405]

Skelgas Lays the "Off-Season" Ghost and Triples Sales

(Continued from page 357)

Various good natured means are used to "snap a fellow out of it." For a time the company had a goat which they shipped around to the salesman who had done the poorest job for the month. Invariably the salesman took this in good spirit and "got down to business" with better results. A "true blue" necktie is one of several symbols of valuable service to the company. These are real four-in-hands given out to distributors' salesmen in each district who have made the best presentation at a meeting, or have driven the farthest to attend.

The Skelgas retail salesman starts out *not* to sell a particular appliance, but to *sell a demonstration*. Quotas are established on demonstrations as well as on sales. He receives credit for every demonstration he places, whether the sale is closed or not. He selects his prospect, loads a new appliance on the back of his pick-up truck and drops around at the farmhouse to sell a demonstration. He suggests to the housewife that she try the Skelgas range, or other appliance, for three days. When she finds how effortless her work becomes, she is sold. But her husband must also be reckoned with. Two or three evenings later the salesman calls at the home, when the family is all together, and talks business.

Each Buyer "Sells" 5 Others

In placing a demonstration, the salesman must be careful on several points. He selects the size of appliance most suited to that family's needs and income. An appliance is never left on demonstration more than three days.

"There is romance in the newness of the appliance," says Mr. Bach. "A 'close' is attempted immediately, but if the appliance is left on demonstration longer than three days the newness wears off."

Once an appliance has been sold, the salesman concentrates his efforts on prospects in the territory surrounding the new user. A woman with a new range or a new refrigerator tells all of her friends about it. The company estimates that every time one sale is made, there are five sales soon made near it.

The convenience of Skelgas is a factor which sells itself. The sales-

man must convince his prospect that the gas is as inexpensive or less expensive than the fuel he is using. Skelgas laboratory tests have determined the cost of operation for each appliance over a given period of time.

"Three cents a meal," is a slogan of the company. This is a purposely large estimate, however, so that no family will find the cost running higher. Time saving is one of the biggest points in favor of Skelgas.

Every appliance and all equipment used in connection with Skelgas is tested in the company's laboratory. Ranges must be properly insulated and have thermostatically controlled ovens, not only to give the best service, but also to keep the cost of Skelgas down. The same is true of other appliances. The company does not manufacture any appliances, but requires that they be built according to Skelgas's own laboratory specifications. Cylinders and equipment for transmission of the gas are especially designed by the company and tested for safety.

In addition to being used for ranges and refrigerators, Skelgas is used for farm lighting, water heating, irons, restaurant ranges, and scores of commercial and industrial plant jobs requiring heat.

2c Railroad Fares to Bring Savings in Sales Costs

(Continued from page 378)

are imperative in order to enable the railroads to continue in the passenger business, and to compete effectively for passenger traffic.

"The passenger market for the future looks as promising as at any time in the history of the country, but the railroads cannot hope to share reasonably in that market except at fares more nearly commensurate with the cost and convenience of travel by highway, and with changed economic conditions. . . .

"The circumstances and conditions affecting passenger traffic in the eastern district, as compared with the southern and western districts, are substantially similar and do not differ in sufficient degree to warrant the opinion that material reductions in fare in the eastern district would not result in improved passenger revenue for the eastern respondents."

Reduction in the person's average

income and highway competition, the commission said, have placed the present fares "out of harmony" with modern conditions.

The New York *Journal of Commerce* pointed out that the three railroads which decry the decision have three courses of action open to them: They might take the matter to the courts and ask for an injunction against the lower fares on the ground that they are confiscatory; they might ask the commission for a re-hearing and present new evidence; they might acquiesce in the decision. At the time of going to press no action of any kind had been taken.

Of all the big roads in the East, the Baltimore & Ohio has been the only one consistently in favor of reduced fares. W. B. Calloway, general passenger agent, stated that it was impossible at this time to estimate the amount of new business which lower passenger fares will produce. However, he felt that the B. & O. ought to do even better than the roads in the South and West, which experimented with fare reductions. "There are millions of potential passengers in the East compared with thousands in the South," he said.

Travel Urge Grows Stronger

Sales executives with whom the editors of *SALES MANAGEMENT* discussed the new rate reduction were unanimous in their belief that the railroads now have one of the greatest sales opportunities in their history. The country has innumerable points of historic interest and scenic beauty which, with good advertising, the roads can turn into sources of revenue, they point out. The urge to travel is stronger than it ever was. Joseph B. Eastman, Federal Coordinator of Transportation, in a voluminous report issued early in 1935, showed that in 1920 the average travel by every inhabitant of our country was 500 miles a year. In 1929 it was over 2,000 miles; even in 1933 it was 1,700 miles a year, but only 130 of these were by rail. So, within less than a decade American travel desires and habits were quadrupled and at the end of four years' depression were still more than three times as great as they were prior to the automotive era.

"Travel desire," the report said, "once aroused is rarely if ever sated. If the carriers can design a still more attractive service, offer it at a still cheaper price, and promote its sale by modern methods, they should arouse a new carrier travel market greater than that formerly handled by them, without seriously affecting the volume of automobile travel."

SALES MANAGEMENT

Retailers Fight Purchases at Wholesale for Employees

(Continued from page 358)

man Company Employees Circle" is reported still active.

Not all of the manufacturers are willing to cooperate at present. The manager and vice-president of one of the largest manufacturing concerns in the country, which specializes in electrical equipment, replied:

"Many companies would hesitate to deprive their employees of buying through their regular purchasing departments for the reason that this privilege is often one phase of a good employee-relations policy."

This plant at one time employed many thousands of workers. The number is now estimated at somewhere around 7,000. These are reported to be large buyers through the wholesale channels of the company. In at least one instance wholesale arrangements were made with a retailer posing as a "wholesale broker" whose methods have frequently been the subject of Better Business Bureau reports, Mr. Rau said.

Officials of two of the large packing companies replied that the purchases of their employees through such channels were comparatively small, but indicated that they did not intend to take action to stop it. Both intimated that the protest should be placed with the manufacturers and wholesalers who are making the sales.

A True Vicious Circle

"Getting down to brass tacks," said Mr. Rau, "it looks to me as if the whole proposition is tied up around the discovery by the large concerns practicing this method that here is a way to avoid the direct raising of salaries. By buying for their employees wholesale they shift the burden of cost to other shoulders—or think they do."

"In the end they are destroying a large group of their customers. They are destroying the retailers on whom, some day, they may—or even now do—depend for the distribution of their products. It is strange that practical business men can be so short-sighted."

"It is realized by the associations united in this fight, under the Illinois Federation of Retail Associations, that real work must be done by the retailer in his relationship with those sources of supply that encourage, invite and urge manufacturers to buy quantities of merchandise for sale, at preferred discounts, to the employee on a wide-open basis."

Business is GOOD in RANDOLPH, N. Y.

—typical of the 16,000 small towns where
500,000 families read GRIT every week



MAIN BUSINESS SECTION



FURNITURE WORKS EMPLOYS 75



MILK CONDENSERY EMPLOYS 50-75



TYPICAL HOMES

THEY'VE been making good furniture in Randolph for over 50 years, and condensed milk for 29. These two industries depend upon Randolph's population of 1,308, comprising 335 families, for skilled workers.

Wages are good, living standards high. Most families own their homes and are able to buy your product.

Every week GRIT sells 158 copies in Randolph—the broadest coverage in this town provided by any national publication.

Randolph is just another of the 16,000 thriving, able-to-buy small towns where your business will be better when you put GRIT on your advertising schedules.



OVER
47%

OF ALL ADVERTISING

placed in all Newark newspapers during 1935—morning, evening, and Sunday issues included—appeared in the NEWARK EVENING NEWS. Total lineage, 13,635,377, is over 91% of that of the other three Newark papers combined. Any newspaper unable to do a good selling job in its own market could never command such advertiser preference. Are we doing a job for you this year?



**Newark
Evening
News**

NEWARK, NEW JERSEY

O'MARA & ORMSBEE, INC., General
Advertising Representatives. . . .
New York Chicago Detroit
San Francisco Los Angeles

Advertising Campaigns

(Continued from page 363)

nal convey the story of the seal that "Keeps out street dirt. Keeps the bottle mouth clean. You are the first person to open the bottle." Each ad winds up with, "If your dairy does not use it, write to us and we will tell you where it can be procured in your locality."

Space in a half dozen dairy trade journals work on the milkmen from that angle. Beneath this double-barreled attack he should capitulate and start using Welded Wire seals. The ad reproduced from the series shows praiseworthy ingenuity in giving punch and attention-value to what might be just another industrial product.

Gold Dust Speaks English

It took an elevator strike to shake Gold Dust out of its habit of not advertising in English-language dailies. For a good many years the washing powder confined its newspaper announcements to foreign-language papers. Last week a page in the New York Daily News advised:

"The elevator and service strike . . . has made it impossible for the Sanitation Department to collect and remove garbage from many apartment houses. . . . If you will get a box of Gold Dust and sprinkle it dry over the contents of the garbage can, it will effectively reduce the offensive odor, slow up decay and prevent the breeding of germs. Wise housewives have been banishing garbage odor in this easy way for years.

"Let Gold Dust help you in this emergency. And let it help you in all your cleaning work. . . ."

BBDO, GD agents, hope that the extraordinary occasion will persuade the Gold Dust Corp. to persist in newspaper ads for New York's kind of English readers and speakers. That would mean more commissions for BBDO. And, probably, more users of the black twins' powder.

Fourth Year of a Week

Life Insurance Week, May 11-16, will find some 150 of the best-known companies sponsoring announcements in 700 dailies of 350 cities. Local groups of underwriters will add their voices to the chorus.

Young & Rubicam, agents for the Week's ad committee, are preparing human interest copy for 1,000- and 600-line announcements. This is the fourth successive year of teamwork by insurance companies and underwriters.

Past successes "resulted in enthusiastic support from the companies asked to cooperate," says S. T. Whatley, chairman of the Week committee, and v.-p. of Aetna Life.

Zippering Along

Magazine readers have for some time been viewing well-tailored ad models whose trousers were closed with a Talon slide fastener. Now newspapers of the larger cities, coast to coast, are carrying the same story, "Greatest contribution to fine tailoring in 25 years."

Agents Geyer, Cornell & Newell tried out a campaign in dailies of Buffalo, Boston and Chicago last Fall for Talon's maker, Hookless Fastener Co. It zipped demand up, so an extension to additional markets was decided on. Space in *Collier's*, *S.E.P.* and *Esquire* supplements the 1,000- and 500-line newspaper ads.

Introduced only three years ago, zippers (as the public insists on calling them) for men's pants have caught on. Pessimists and old-fogies insisted they would catch underwear, jam, and slide open at the wrong moments, thereby crimsoning the faces of wearers. Today, with about 8,000,000 in use, these fears have been proved groundless. Copy, however, continues to assure the timid that such accidents are impossible.

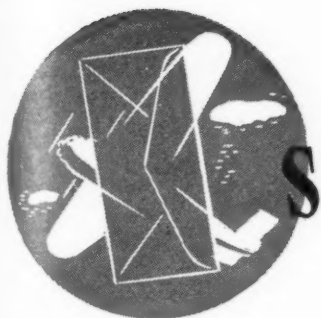
The National Association of Retail Clothiers endorsed them at its convention. Some 474 manufacturers of men's clothes—virtually all the national brands—are licensed to use Talon. Hookless Fastener confidently expects to relegate buttons on trouser fronts to the same class as Congress gaiters and detachable cuffs.

Moth Wool

Baltus Rolfs, Inc., West Bend, Wis., declares its new Moth Wool is different from all insecticides and repellents.

Perfected after three years of laboratory and clothes-closet experiments, the wool is as alluring to a mother moth as catnip to a cat. When she is looking for a snug place to lay her eggs, instinct leads Madame Moth to a place where there is food for her offspring. She doesn't eat, but the moth worms start munching the minute they hatch. "Moth Wool contains a devitalizing agent that renders moth eggs absolutely unhatchable."

Cramer-Krasselt Co., in charge of the account, has scheduled an introductory dealer and consumer campaign.



SALES LETTERS

BY MAXWELL DROKE

A Ghost Letter Makes the "Ghost Walk" for This Writer

Much has been said of late concerning the "ghost writer" and his clandestine activities; but it has remained for my friend, Rene Pepin, of *The Household Magazine*, to produce a new variety of "ghost" letter. Prospects must, I imagine, have been somewhat intrigued to find this in a recent morning's mail:

"Mr. John K. Jones,
Jones, Smith & Co.,
Centerville, N. Y.
"Dear Mr. Jones:

Sincerely,

Rene Pepin,
The Household Magazine.

"PS: Yes, I'm haunting you, and there's a reason! You haven't run your advertisement in *Household* yet. You've passed up an increased sales opportunity.

"Your brother advertisers made our March issue the largest March in the last five years. They have made and still are making money through *Household*. And, editorially, March issue is one of the best issues we have ever published.

"You, too, can make money through *Household*!"

This brings to mind another letter which the ingenious Mr. Pepin dispatched not long since, to his prospect list. I think we might well take a look at it, also. Instead of being addressed directly to the prospect, it starts out as a note, written presumably by a college student to his father:

"Dear Father:

"Starting with the year 1934, when I was a sophomore, you cut my allowance in half. And I went through my junior year, too, without a squawk. But, honestly, Dad, this year I really can't get along. Can't you do something about it?

"You know I'm majoring in marketing and finance, which has taught me enough to know that all indications now point to business increases and buying-power increases. And I can tip you off to where this big money is being spent—it's in the small towns. Boy, what increases in retail sales they show!—19% 1935 over 1934!

"That's a good Dad. Get some of that small town business—reap in some profits and send me my regular allowance again—with a 10% increase.

"(Signed) Somebody's Son."

"Mr. John K. Jones,
Jones, Smith & Co.,
Centerville, N. Y.

"Dear Mr. Jones:

"Well—father, mother, brother, sister, or whatever kin you may be to your depend-

ents, some one of them is expecting you to make more money this year—they know you will because everyone else is on 'the way back.'

"Look to *The Household Magazine*. January and February this year, *Household* had a 20% increase in advertising—the biggest per cent increase of any of the nine leading women's magazines. This increase came about because new advertisers heard of the tremendous increases in small town and rural retail sales, and repeating advertisers increased their space. Advertisers do this only when a magazine is making money for them.

That these letters are clever few of us will deny. But after all the thing that concerns us—and the only thing that really matters—is this: Do such unconventional tactics really pay? Fortunately, Mr. Pepin has an answer for that one. He has sent out conventional letters—plenty of them. However, due to the heavy bombardment of competitors, all using the same appeals in about the same way, results have been somewhat less than sensational.

A positive check is afforded in the case of the ghost letter presented here. With each went a return postal card, on which the prospect was invited to indicate his special interest in the medium (and these prospects are smart enough to know that a name on the dotted line is an open invitation for a strong solicitation!). Nevertheless, within five days after mailing, this letter brought returns totaling 12%. A really remarkable showing!

No postal was enclosed with the "Father and Son" letter. However, the returns were better than 6%. The letter was instrumental in bringing nearly \$500 worth of business from four advertisers.

He Seeks a Spouse Via a Business Reply Envelope

Our good friend, C. B. Mills, of O. M. Scott & Sons, purveyors of superior grass seeds, tells us of a certain correspondent who displays a touching faith in the efficacy of direct-mail advertising. Thriftily usurping a Scott business-reply envelope, this gentleman broadcasts his quest for a matrimonial partner. He is (according to his letter) a bachelor; has money in three closed banks; owns his home; recommends his character very highly, and desires a wife with ten thousand dollars. He is 59 years old, lives in Chicago, and doesn't drink.

Standing Invitation

Mr. Droke is always glad to criticize sales letters and direct mail messages for our subscribers. There is no cost or obligation for this service. Address him in care of SALES MANAGEMENT, enclosing a stamped, addressed envelope.

Mr. Mills, in a cooperative spirit, has posted the letter on the office bulletin board. We will keep you advised of developments.

When Is a Test Not a Test? You Can't Always Be Cocksure

I am often mildly amused at the naive trust which inexperienced mailers place in a small test mailing. The truth is that most so-called "tests" are really not tests at all. You cannot mail a thousand letters to a list of, let us say, a hundred thousand names, with any assurance that the percentage of returns will hold up. About all such a test can give you is a faint intimation as to whether or not the list may have possibilities. Don't gamble much money on it. Of course, if the test mailing is a complete flop, it is highly improbable that a larger quantity would materially improve the showing. On the other hand, a fairly satisfactory return from a test thousand is no guarantee that you can multiply that figure by 100 and get your return for the list as a whole. Your sample is entirely too small.

I have often seen two identical thousand tests, sent at the same time, to the same list, show a variation of 20 to 25% in returns. To test scientifically, you should run at least 10% of your list, and even this quantity is of little real value unless you have a good geographic cross-section.

If you are testing a customer or inquiry list, the age of the names, too, has a great deal to do with returns. You may test, let's say, five thousand 1936 inquiry names and secure an excellent return, while the same type of names, two or three years old, may not bring enough business to pay the postage bill. Note that word *may*—it's important! The point is that you never can tell until you have made an adequate test.

Paging All Giants! Stand Up and Be Measured, Big Mailers

What is the largest direct mailing ever made? I am rather curious to know. My friend Phil Mann mentions an occasion when the New Process Company dispatched as many as 5,000,000 letters in a single calendar month. Then, of course, there is the celebrated Wrigley campaign, totaling well over a hundred million mailings (with gum samples attached) dispatched to every telephone subscriber in the United States. And the *Literary Digest's* whopping polls. Does anyone know of a more exhaustive campaign than those enumerated? Who is Uncle Sam's biggest direct-mail patron?



Maxwell Droke



MEDIA AND AGENCIES

Italian Solidarity

For better or worse, Italo-Americans seem to be more "loyal" to the old country than any other nationality we know.

Hitler, for example, has not by any means the "allegiance" of all the German-language people in this country, and among the American Russians there seem to be as many White as Red. But Mussolini would have to be a greater despot than he is to alienate the Italians.

Nothing brings the Italian descendants together, wherever they may be, like a good private war. The World War did not do this so much, because it was everybody's fight. The war with Tripoli, in 1912, however, was a different matter. And so is the present difficulty in Ethiopia.

A short time ago the Italian-language newspapers of Generoso Pope—*Il Progresso Italo-Americano* and *Corriere d'America*—published an announcement that contributions were needed from readers to the Italian Red Cross.

Young and wealthy Mr. Pope—he has made most of his money out of sand and gravel interests—has seen his newspapers grow in circulation and influence. He acquired *Il Progresso*, now 56 years old, seven years ago, and the *Corriere* in 1931. The former is a sort of *Times*, the latter a sort of tabloid *Daily News* among the 1,250,000 first and second generation Italians in New York City, and among the 2,000,000 in the Metropolitan Area.

The growth, however, has not been consistent. The papers publish daily a lot of news about the mother country, and there are regular "columns" from *Lombardia*, *Liguria*, *Calabria*, *Sicilia* and other sections, for the specific interest of people who hail from there. But when Italy is "quiet," Italo-Americans would as soon read about doings in this country. They can do that pretty well in English-language papers.

Then the Ethiopian rains ended, last Fall, and the Fascist Legions set forth. Circulation of *Il Progresso* rose in four months from 80,000 to 125,000, and of *Corriere* from 38,000 to 50,000. *Il Progresso* is nearing its all-time high, attained in the Tripolitan trouble.

But we were talking about the Red Cross.

Immediately after the request contributions began to come in. In the ten weeks up to March 4 they had totaled \$479,505.03. They came, it is estimated, from 150,000 donors.

Individual contributions of necessity were usually small—averaging \$1 and \$2; many only 25 cents—but a lot of donors traveled 50 or 75 miles to present them. Each contribution is acknowledged in the newspapers. Except from societies, almost none of them were in the form of checks.

A more interesting group of contributions, not yet totaled either in number or in aggregate value, rests in five large waste baskets in *Il Progresso's* offices. It consists of family valuables and gold trinkets—wed-

Pope Papers Thrive on African War . . . Premiums Evaluated . . . Advertising Spot News

ding rings, chains, medals, heirlooms. . . .

An old woman comes in, tears from her finger a ring which has not left it perhaps in 50 years, gives it to them silently, and turns away. Her eyes are almost closed. Perhaps she is trying to hold back the tears . . . and the memories. . . . Perhaps she will make the Sign of the Cross as she turns away. . . . The ring is very light. Probably it contains little gold.

A young man comes bearing a medal he has won in studies or athletics. It is precious to him, but he is proud to do his part for the Cause. . . . The medal is heavy. Probably it contains more lead than gold.

Some of the heirlooms are three generations old. There are coins of 1850—\$2.50 gold pieces. Numismatists and other collectors might pay many times their face



Mr. Pope, here shown handing the fourth \$100,000 check (Italo-American contributions toward the war) to the Royal Consul of Italy, has been photographed more than 200 times accepting such donations from individuals and societies.

value for them. . . . But Mr. Pope has decreed they should go to the cause as is.

The contributors get their *Il Progresso* and their *Corriere* every morning, seven days a week, and read about the war. These papers are full of the war. A one- or two-column headline in a New York English-language newspaper becomes an eight-column banner in *Il Progresso*. And every story across the top of Page 1 is about the war.

Il Progresso has its own reporters from Rome in Ethiopia. It gets a lot of news on its own direct cable to Rome. But much of the news is the same as that which other New York papers publish. Both papers get United Press service. Correspondents of these services, beset by heat and dirt and vermin, would feel heartened to go on with their labors if they could see the play which Mr. Pope's papers give to even their meager dispatches.

Mr. Pope, personally, is said to be neither Fascist nor otherwise. He is a friend of both Mussolini and of the Pope. When General Balbo and his air armada arrived in New York a couple of years ago, Mr. Pope had a reception for him to which 50,000 Italo-Americans were invited. General Balbo was a right-hand man of Mussolini then. Whatever may have happened to the General's standing since (he is now in a sort of "exile" in Libya) Mr. Pope seems to have held his own end up pretty well.

The Italian military policy, and the avidity with which the Pope papers have reported its results, it was said, have not affected their advertising much. It is about on the level of a year ago. Hearn's and other department stores appear in *Il Progresso* regularly. So do Chesterfield, Lucky Strike and Old Gold (but not Camel.) So do Ford, Chrysler and General Motors; Tydol, Socony and Esso gasolines. And Vaseline and Johnson & Johnson's Red Cross plaster, Borden's milk and New York Telephone. The Italo-American cheese, olive oil, wine and spaghetti people, of course, are regular users.

Advertising mainstay of *Il Progresso* is a want ad page headed "Publicita Economica." This means "Industrial Advertising." It covers "help wanted," mostly. There is a considerable turnover among women hat blocking machine operators and seamstresses. Employees of certain "American" factories—such as Loft's candies—are said to be 40% Italian. The turnover in some lines is high.

If the war keeps on, the 250,000 yearly Italian immigration of some years ago may be reversed. It hasn't come yet, of course. And Mr. Pope may soften and shorten his headlines a bit rather than be a factor in it. With 1,250,000 Italo-Americans in New York City, served by 2,500 Italian grocery and 1,500 Italian drug stores, he will continue to do his part also to emphasize a large and profitable market.

Besides, Mussolini has plenty of soldiers now. What he needs is metals—gold and silver—and lead.

Ruralaria News Leader

Country Gentleman is out with Volume 1, No. 1, of the *Ruralaria News Leader*, a new monthly news booklet, which is circulating to both manufacturers and distributors. It is made up in 4-page tabloid newspaper style and is issued in the interests of better business in rural areas—with, of course, adequate treatment of the position which *Country Gentleman* holds in influencing American farm and rural life.

Radio Notes

The National Broadcasting Co. has added two new stations—WFBC, Greenville, S. C., owned by the Greenville News; and WCSC, Charleston, S. C., affiliated with the Liberty Life Insurance Co.

For buyers of spot or local time, NBC has issued a booklet called, "NBC's Nine Point Plan," which gives a clear analysis of the essential facts about the 14 managed and operated stations of the company.

An analysis of the first 10-weeks' survey of radio listening habits made by a recording instrument perfected by Professors Robert F. Elder and L. F. Woodruff of Massachusetts Institute of Technology has been issued by the Yankee Network of Boston, Mass. The results are the actual listening record of 1,000 families to 101,004 quarter-hour periods. Any advertiser using time on Boston sta-

SALES MANAGEMENT

tions may arrange to have his programs measured by Professor Elder's automatic listening device.

Station WHN, New York, went to 5,000 watts last week and now claims coverage of the entire upper Atlantic Seaboard and New England.



"Broadcastments" make listeners of newspaper readers

Mike Moments

A new organization, Advertising Features, Inc., has been formed to produce and sell 40-line newspaper units called "broadcastments." Cartoon strips are used to sell individual features on the day's program. The illustration is one of five programs featured in this way in the New York Sun. The company, headed by Joseph Ness, is selling the feature to only one newspaper in each city.

Account Changes

Benton & Bowles, Inc., has been appointed by General Foods to handle Post-O, a new hot whole wheat cereal. Promotion will be confined to test markets at present and will be under the direction of Frank Smith, associate advertising manager of General Foods and Robert E. Lusk, Jr., vice-president of the agency.

Benson and Hedges to Paris and Peart to handle Virginia Rounds. . . . The Wisconsin Alumni Research Foundation to the Chicago office of Erwin, Wasey & Co. . . . C. J. Bates & Son to the Federal Advertising Agency, Inc. . . . G. Lance Brown Company, Pharmaceutical Chemists, to Lincoln Roden, Inc. . . . The Karsmetik Co. to Mackay-Spaulling Co. . . . Bournefield, Inc., to W. I. Tracy, Inc.

Charles J. Cutajar has been appointed agent for Fairchild Aviation Corp., and its four divisions, Selected Devices, Inc., and Karol Preparations, Inc.

Agency Notes

The Hamilton Carhartt Overall Co. has engaged the C. E. Rickard Agency to handle their new farm paper campaign. . . . E. V. Carlquist, formerly with Thermoid Rubber Co. and Armstrong Cork Co., has joined up with the Cleveland office of Fuller & Smith & Ross, Inc. . . . O'Neill Ryan, Jr., has been appointed as vice-president of Blackett-

Sample-Hummert, Inc. . . . The recently organized Milwaukee firms of Charles D. Meissner Advertising Agency and Hoffman & York have joined forces, with headquarters in the Century Building.

A test radio campaign is being started on behalf of Pebeco by Lehn & Fink, Inc. The Merrill Advertising Co. will handle the account for this special test. . . . Winslow Leighton and George R. Nelson, former sales managers of Station WGY, have formed the Leighton & Nelson advertising agency, located in Schenectady. The partnership brings together 25 years of radio advertising experience. . . . Dudley H. Mudge has joined the New York office of Young & Rubicam in an executive capacity. Mr. Mudge was formerly with Libby, McNeill & Libby and J. Walter Thompson.

Kenneth Groesbeck has been appointed to the executive staff of Ruthrauff & Ryan. His experience includes seven years as vice-president of McCann-Erickson, and the chairmanship of the New York Council of the American Association of Advertising Agencies. . . . Orrin P. Kilbourn, former vice-president of J. Stirling Getchell, Inc., has ended his connections with that agency.

Media Notes

The late *Delicatessen Merchant*, official organ of the Metropolitan Delicatessen Merchants Association of New York, has been succeeded by the *National Delicatessen Grocer*, which has stepped into the field of national publications with M. M. Zimmerman as publisher to serve the in-

terests of the entire delicatessen food industry. A recent study made by Mr. Zimmerman revealed the fact that delicatessen foods have found favor in small towns and communities as well as in the larger cities.

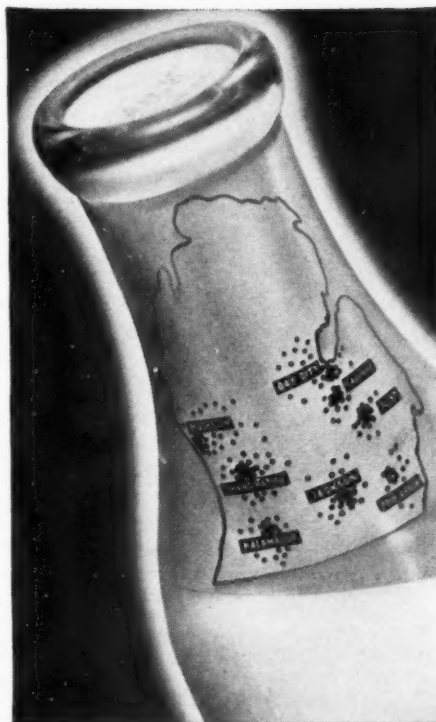
Charles Kittleson has been appointed New York manager of *Hunting & Fishing* and *National Sportsman* magazines. Mr. Kittleson was formerly representative of Scripps-Howard and Western Newspaper Union. He will be assisted by Herbert G. Drake of the advertising staff of the Boston *Herald-Traveler*. . . . Joseph C. Cranmer, previously with the Butterick Publishing Co., N. W. Ayer & Son, and National Cash Register Co., has joined the eastern sales staff of the *American Druggist* magazine. . . . G. R. Wilson has become a member of the staff of Heating Journals, Inc., and will be in charge of the Chicago office.

Personnel changes in the staffs of *Holland's* and *Farm and Ranch* have been announced as follows: J. F. Spalding, eastern manager of both magazines; Garland Robertson, western manager of both magazines; J. H. Hunter, advertising manager of *Holland's*, and Lee Hainline, advertising manager of *Farm & Ranch*.

Only The American Weekly Has "Pure Contest" Regulations

The "pure contest" ruling of *The American Weekly* has stirred up considerable discussion among advertising men but up to now no other publisher has announced any plan to follow suit. Early in March

HELP YOURSELF to the CREAM!



MICHIGAN'S OTHER DETROIT

The eight Booth Newspapers give you the cream of the prosperous Michigan market outside of Detroit. Eight great marketing areas! 1,544,672 population! One of the highest average-wage areas in the United States! 275,283 Booth Newspaper homes!

There is only one effective, economical way to cover this cream Michigan market . . . without duplication or waste . . . at minimum cost . . . and that is with Booth Newspapers. Coverage at half the cost . . . that's the Booth story in a few words.

Cash in on this active, up-trend market with an early schedule.

NEW YORK OFFICE:

I. A. Klein, 50 E. 42nd Street

CHICAGO OFFICE:

John E. Lutz, 180 N. Michigan Avenue

BOOTH Newspapers

THE GRAND RAPIDS PRESS • THE FLINT JOURNAL • THE SAGINAW DAILY NEWS • THE KALAMAZOO GAZETTE
JACKSON CITIZEN PATRIOT • THE BAT CITY TIMES • THE MUSKEGON CHRONICLE • THE ANN ARBOR DAILY NEWS

PHOTO-COPIES

AVERAGE
3¢ EACH

SAVE TIME... save money. Use instantaneous photography. Speedy new device produces 100% accurate, sharp, contrasty photo-copies at an average cost of only three cents each. Copies cards, letters, drawings, documents—any paper record up to 8½ x 14 inches in size—at two to six cents each depending upon size and quantity. An amazing saving over ordinary methods. Invaluable in sales and legal work, and in the general office.

DEXIGRAPH

is a patented photo-copy unit developed by Remington Rand. So simple an office boy can operate it; so inexpensive, savings of 50% or more are possible over manual methods. Eliminates proof reading. Snap-shot speed. Requires no capital investment.

Write Remington Rand today on your own business letterhead. By return mail you will receive free a photo-copy of your letter giving absolute proof of the quality of work Dexigraph will do. Don't delay... act now.

WRITE
REMINGTON RAND
BUFFALO, N. Y.

FRIENDLY SERVICE

Sales representatives appreciate the time-saving location... the prestige... the service... of the Bismarck.

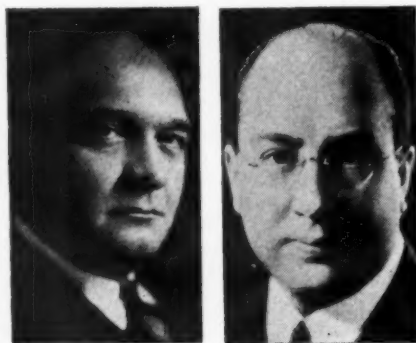
Come to the Bismarck for luxurious comfort... good food... and that elusive something called "friendly service" that makes you feel right at home. Every modern hotel convenience is here at your beck and call.

Rooms with bath, \$3.50 up.
Rooms without bath, \$2.50.

Write for booklet with map of Chicago.



this publisher sent out notifications that every advertiser who uses its pages to promote a contest must tell *The American Weekly* readers who won. If the list is too long, publication of the principal winners will suffice to prove the contest authentic. About 60% of those who got notifications responded. More than half of these definitely approved the plan. One sourly charged the publisher with trying to force contest sponsors to buy extra space. The others merely acknowledged receipt of the notice. Several national publishers tell SALES MANAGEMENT they regard the government regulations covering contests adequate without special requirements by their own publications.



The McCall Company announced two important changes last week: Harold Clark Kennedy, (right) former eastern advertising manager of *Redbook*, is promoted to advertising manager of that magazine, a newly created position. He joined the organization in 1922... Marvin Pierce, who has been assistant to the president of McCall Co., in direct charge of production, has been elected vice-president.

As the Publisher and Agency Should Look on Premiums

BY FRANK H. WAGGONER
Editor, *Premium Practice*

Like everyone else, publishers and advertising agencies are vitally concerned with whatever may affect the profit side of the ledger. They are strongly in favor of what may increase profits and as strongly opposed to what may diminish them.

When the use of premiums, which is age-old, began its comparatively recent remarkable growth, and more and more prominent concerns made it an integral part of their advertising and sales campaigns, many newspaper and magazine publishers and advertising agencies, generally, fancied they saw in the further extension of this means of attracting and holding patronage a definite and formidable rival, whose inroads into the advertising appropriation meant the diminished use of commissionable space to the extent of the added use of this new force.

As a result, and in some instances until recently, the use of premiums was decried as a "substitute for advertising"—synthetic, unethical, uneconomic—and as stamping the products with which the premiums were offered as unable to make the sales grade.

Nevertheless, premiums were being adopted, right and left, by business leaders. Their increased use was due solely to the fact that they performed the tasks set more quickly and economically than had been possible without them.

As these premium campaigns were conducted, it became apparent that the newspapers and magazines were carrying, in the

aggregate, millions of lines of copy advertising the premium offers, because it is one of the axioms of the use of premiums that an offer is only effective in proportion to the number of prospects who know of it.

When General Foods launched their campaign on behalf of Jell-O two or three years ago, offering four little individual aluminum jelly molds to every housewife who would purchase six packages of her own selection of flavors, they used 370,000 lines of newspaper space to publicize it.

When Colgate-Palmolive-Peet Co. announced the offer of a Gem safety razor with a tube of Colgate or Palmolive shaving cream, they took 418,000 lines of space to tell the men of America of the offer.

In many a case, the fact that the advertiser used space to announce a premium offer, using a coupon to be sent in on acceptance, keyed to identify it with the newspaper in which it appeared, has been a contributing factor in securing for such paper a continuance of the advertising.

Such was the effect of the announcement of premium offers by Fels & Co., makers of Fels-Naptha soap, in the *Chicago Tribune*. Keyed coupons led to crediting the *Tribune* with exceptional results and to a 1936 advertising schedule, which result was the subject of a full-page presentation by the *Tribune* in the New York *Herald Tribune* of February 28, of its claims to a commanding coverage of the Chicago market.

Again on March 6, the *Chicago Tribune* ran a full-page promotion ad featuring a letter from the John F. Jelke Company, telling of the great success of two recent 500-line test ads of their Good Luck vegetable margarine in the *Sunday Tribune*. These advertisements featured a pair of blue and white salt and pepper shakers given with a "dated" end of a Good Luck carton and 10c to cover handling costs.

New products quickly acquire the equivalent of years of introductory effort through premium offers widely advertised. An instance of this is found in the full-page color copy on behalf of that new laundry help, Staley's Gloss Starch Cubes, in *The American Weekly* of February 23.

Premiums, rather than being a competitor of space advertising, are its greatest ally. Banish premiums and space advertising shrinks. With their use they prove the increased efficiency of the space.

From the purely selfish angle, newspaper and magazine publishers and advertising agencies should be among the strongest advocates of premium use. Some are already recommending the use of premiums, special departments being a part of some agency service. It would be smart for publishers to follow suit. In a spirit of friendly cooperation both publishers and agencies would be lining their own pockets as well as those of their clients.

N.Y. Journal Wins Hearst Prize for Typographical Excellence

For excellence in typography and make-up, the New York *Evening Journal* has been awarded a cup offered by William Randolph Hearst to the newspaper making the best showing among his papers during 1935. In line with the trend among manufacturers for improved product design and sales stimulating packaging, Mr. Hearst offered this recognition a year ago, the award to be based on typography, make-up, photographic illustration and reproductions, stereotyping, and careful and painstaking press work. Awards to each mechanical department head of *The Journal* were made by George Auer, assistant publisher, at a meeting March 9.

SALES MANAGEMENT

Do Low Prices Create Volume?

(Continued from page 384)

recognized, or the entire social significance of the yardstick is lost: *The rate charged for electricity, within wide limits, determines the cost.* No yardstick rate for domestic electricity, at least in my opinion, is worth serious consideration unless it is based on this principle.

"In a wide field of mass production, as everyone knows, increased demand results in less cost per unit. Limited production means high costs. Wide consumption produces low costs.

"But how to get wide use and, in turn, low costs? The answer of the TVA yardstick is: Low rates; genuinely low rates. Low rates will bring increased use, and increased use results in low costs. There are limits, but they are far away from this present.

"Some critics of this yardstick principle say: 'We want to charge low rates, but we can't lower rates further until we can cut our costs, and we can't cut costs unless people buy more electricity. Your yardstick rates would probably work if people used twice as much electricity as they do, but until they do, such rates are impossible.'

"And with a few exceptions that is the answer, too, of the rate regulatory commission. With the eye fixed by law on present costs based on present consumption of electricity, the Commission says:

"We can't order genuinely low rates because the lower rates would be below the cost of distribution. When people use more electricity, such rates would be feasible.' In other words, in the regulation of rates under the fair value theory, plainly the cart is before the horse.

"How does the consumer look at the matter? He says: 'You cut prices for electricity and then I will use more.'

"The situation reminds you of the famous western statute designed to prevent accidents at railroad crossings which provided that whenever two trains approach each other at a crossing *neither* shall pass until the other has gone.

Take Ford, for Example

"We may well wonder what would have happened if many years ago Henry Ford had issued the following announcement to the public: 'I have just produced my first horseless carriage, which I will sell for \$25,000. That is a fair price because that is just what it cost me to produce it. When the public demand is such that I can sell a million a year, then my costs will be reduced and I can then sell cars for less than a thousand dollars apiece.' Mr. Ford had too much business sense for that. He fixed the price of his first cars at such a level that the *price stimulated the demand*, and the demand permitted large scale production with resulting low cost. The habits, the economy, the whole course of our nation have been deeply changed because of that principle of pricing. Maximum use because of low prices, not restricted production at high prices, has motorized America.

"The principle of diminishing costs applies with greater force in the case of elec-

tricity than it does with automobiles or refrigerators or passenger fares. But suppose such a principle were to be genuinely adopted throughout the country in fixing rates for electricity? Electricity is being used on a niggardly scale today—even after all these years. Taking the country as a whole, the United States electrically is still back in the two-cylinder 'benzine-buggy' days. Two-cylinder electric rates will keep us in the two-cylinder handcranking period of electric use.

"If the TVA yardstick does no more than point to the need for mass consumption pricing principles, it may become a real asset to the country.

"Let us take some communities in which the so-called TVA rates have been in effect and see what happened. These communities have widely differing economic characteristics, and all lie in states having among the lowest per capita income in the country—not an easy testing ground.

Initial Losses Soon Recovered

"Within 22 months after placing in effect these low rates (a reduction of about 50%) total residential consumption of electricity in Tupelo, Miss., increased 267%. In Athens, Ala., after 18 months, there was an increase of 272%, and in the same period in two country-wide associations in Alcorn and Pontotoc Counties, in Mississippi, increases of 220% and 293% respectively. In New Albany, Miss., in 12 months, there was an increase of 114%, and in Pulaski, Tenn., after only 11 months' operation, an increase of 128%, while in Dayton, Tenn., the increase was 88% in ten months.

"An important result which should be noted both for its social and its financial significance is that there has been a very substantial percentage of increase in the number of homes formerly without any electrical service under higher rates, which are now using that service.

"An examination of the records of these communities, kept according to a uniform classification of accounts, shows in each case a margin above aggregate costs, including in such costs taxes, depreciation, interest, and, of course, operating expenses. Where operations have extended over a year, the percentage of profit has been substantial. In Athens, 20 cents out of each dollar of revenue has been net income; in Alcorn County, 36 cents; and in Tupelo, 31 cents.

"Of more general interest is the rapidity with which these communities have recovered the loss of revenue which each experienced in marked degree when rates were cut in half. Revenues for several communities were recovered within a year.

"It would be unscientific to assert, on the basis of the present data, that these same rates would produce exactly the same financial results under any and all circumstances. But taken together with other results here and there throughout this country and Canada, the yardstick certainly points to a wide use of electricity by the application of the principles of mass consumption, of low prices and wide use."

"... a valuable asset to anyone interested in research!"—N. Y. Post.

MARKETING RESEARCH TECHNIQUE

by Percival White

This invaluable book describes the various kinds of commercial research and how each should be used. Full details about how to organize the field department, how to choose and handle field workers, how to get raw factual material, how to correlate it, how to make it tell a useful connected story. A working manual for marketing counselors, advertising agencies, research directors, sales executives and all who want facts on which to base broad questions of selling policy. "An excellent summary for both the student and the business man." — Printers' Ink. Maps, graphs, charts, diagrams, \$4.00.

FREE EXAMINATION ORDER FORM

Market Research,
Rockefeller Center, New York

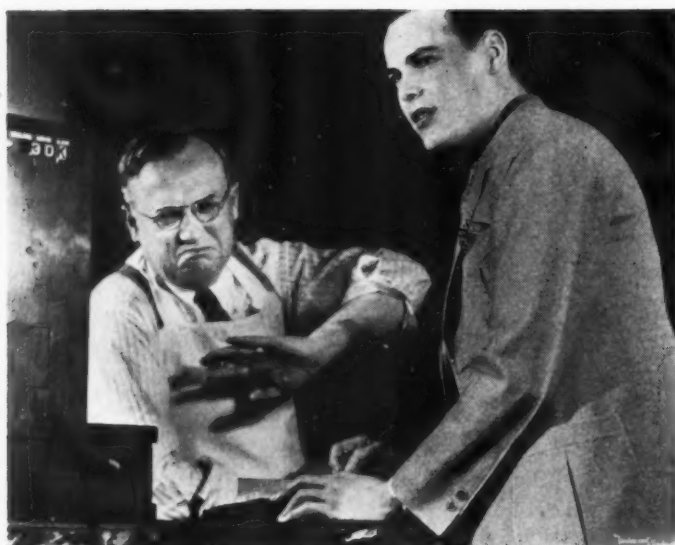
Send me a copy of Marketing Research
Technique—\$4.00. I will remit the
price within 10 days or return the book.

☐ Remittance enclosed ☐ Send C.O.D.

Name

Address

Business Connection



Actual Photograph* of a Dealer Who is Not Giving Cooperation

OUT there in his store he can nullify your largest and best advertising campaign. He can injure the reputation of your product. He can urge substitutes. He can pretty well kill your sales.

While you sit in the home office reading sales reports that look as though they had been practicing at Lake Placid on the toboggan slide. And wonder what is happening. And write threatening letters to the salesmen. And try to justify the situation to the Board of Directors.

What should you have done to change the expression on the dealer's face? And get him to bring your goods out from under the counter? And give them a helping hand once in a while?

Well, the first and most helpful thing to do would be to find out what makes him that way. Your salesmen can't tell you—they are busy rationalizing declining sales. Your safest bet is to call in an outside research organization (ourselves, for example) whose job it is to find out things that are hard to get at and report them to you in terms that make marketing sense. To be sure, it costs something. Maybe as much as your are losing in a week. Wouldn't it be worth it?

* We had to pose this. We wouldn't dare show a real dealer when he looked like this.

HOW BIG COMPANIES USE MARKET RESEARCH TO INCREASE SALES

Series No. 1

This is the first of a new series of case histories, naming names and showing processes. It ought to give you ideas for your own business. Watch for these offers by series number. There will be more of them. Sent free when requested on your letterhead.

MARKET RESEARCH CORPORATION OF AMERICA

Formerly Percival White, Inc.,
and Arnold Research Service, Inc.

Rockefeller Center, N. Y. City
120 S. La Salle St., Chicago

Prevents those wrong decisions, based upon faulty facts, which cost you time and money

[414]

Make-Your-Own-Ensemble Ups Botany Worsteds Sales

(Continued from page 365)

for example, said the other day:

"Enough yarn . . . for a sweater . . . plus a skirt length . . . \$6.50 . . . Get those needles 'set' for a real spree . . . Choose your model and your color from this luscious Botany range. . . ."

In the New York-New England Gravure Group, Botany is running fortnightly insertions of its own. The present campaign, concluding April 1, embraces New York *Herald-Tribune*, Buffalo *Courier-Express*, Rochester *Democrat & Chronicle*, Syracuse *Post-Standard*, Albany *Knickerbocker Press*, Boston *Herald*, Hartford *Courant* and Springfield *Union-Republican*. In a new series, starting in April, the list will be expanded westward.

An unusual phase of the promotion service is a permanent display frame. Dealers, periodically, are supplied loose photographs of current models for use in them.

Several years ago Col. Johnson made a remark, which he repeated at the Packaging Convention in New York the other day.

Textiles, said he, "are a great fundamental industry and should step out and do things in an aggressive, modern way. No, I'm not at all pessimistic, but I don't believe I should sink because the other fellow can't swim."

The Botany people aren't exactly fish yet, but they're beginning to paddle around, profitably.

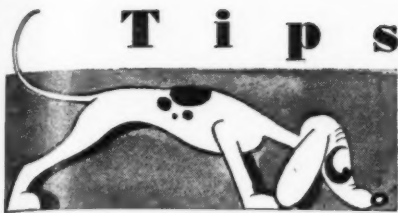
U. S. A. Has Only 1.9% of World's Cooperatives

A current analysis made by the Bureau of Labor Statistics shows that as of 1934 there were 37,170 consumers' societies in the world, of which only 1,806 or 1.9% are in the United States.

The total retail business done by these societies (translated into U. S. currency) amounted to 12.4 billion dollars, with less than 50 million dollars being done in the U. S. A. The largest volume of retail cooperative business is done in the Soviet Union which accounts for 84% of all co-op business, but among the capitalistic countries the Great Britain total far exceeds that of any other country and is more than 20 times the U. S. A. total. In Scandinavian countries approximately 15% of the retail business flows through cooperative channels, in Great Britain and Switzerland 12 to 15%, and in the Soviet Union 66%.

SALES MANAGEMENT

T i p s



Booklets reviewed below are free unless otherwise specified, and available either through this office or direct from the publishers. In addressing this office, please use a separate letterhead for each booklet requested, to facilitate handling. The address is SALES MANAGEMENT Readers' Service Bureau, 420 Lexington Avenue, New York, N. Y.

CBS Sums Up Case for Ear Vs. Eye Advertising Stimuli

With the brevity of a counsel whose case is buttressed by incontestable authority, Columbia Broadcasting System publishes this week for the record a masterly summation of evidence in the ear vs. eye controversy. Recent promotion pieces by CBS have dealt with evidence in the form of sales resulting from air campaigns. The study in question is a recapitulation on "Exact Measurements of the Spoken Word, 1902-1936," and deals with the findings of essentials here and abroad on whether ideas can best be presented visually or orally.

Purpose of the publication of some 17 of these psychological investigations is "not nearly so much to 'sell' radio broadcasting, as to help explain just why radio is what it is." For before radio was more than a thought in Marconi's mind, educators were concerned with the question of best methods of imparting knowledge to young minds—by reading stories, etc., or by writing. And as radio, motion pictures in the classroom—and advertising—have developed, the psychological factors common to both education and publicity have been tackled by more and more investigators. In 1902 the studies involved motor susceptibility. In 1936 Harvard scientists were frankly dissecting the relative ability of radio and the screen to make advertised trade names "stick."

While the results without exception show radio—the ear—to be the strongest force, for the type of message usually presented in advertising, CBS gracefully grants the value of the printed word by printing these findings. Every advertiser using radio or not can get a valuable and lasting visual impression from this study. Send for it—addressing Victor Ratner, Columbia Broadcasting System, 485 Madison Avenue, New York City.

How 553 Advertisers in 1935 Used the Women's Magazines

An analysis of advertising in the six general women's magazines during 1935 has just been completed and published by *Good Housekeeping*. With the enviable record of first in dollars, pages and lines, G.H. has broken down the record to show graphically and numerically such points as 1935 advertising revenue and lineage, total pages and exclusive pages, new business and renewed increased business, and a complete list of all advertisers in the field of general women's publications and the publications in which they used space—553 accounts in all. The analysis con-

cludes with a discussion of editorial and circulation progress of *Good Housekeeping* and a record of long-time advertisers in the book. This study is limited in distribution to national advertising and agency executives and will be furnished through the nearest *Good Housekeeping* business office. Requests for "Advertising in Women's Magazines in 1935" should be sent direct to E. W. Timmerman, *Good Housekeeping*, 57th St. and 8th Ave., New York City.

Tremendous Utility Market Analyzed by *Electrical World*

Executives selling to the electrical utilities will find a new analysis of changing conditions in that market by *Electrical World* of value. "New Opportunities to Increase Sales of Generating Plant Equipment" is the title. Increased demands for current during the past year have—according to a number of quotations from operating executives—brought out old plans for expansion laid aside five years ago, and new plans to meet changed conditions, calling for new stations, improving old stations, and joint loads with industrials. New construction on a sub-normal basis—energy output actually higher than ever—creates a situation in which aggressive selling should be the order of the day. Copies of the analysis, with plenty of charts, graphs and evidence, including a chart of the executives in 57 utilities who have to be sold, available through E. K. Stevens, *Electrical World*, McGraw Hill Publishing Co., 330 West 42nd St., New York City.

16mm. Film Directory Lists Hundreds of Film Sources

All users of 16mm. motion picture equipment should be able to make excellent use of the *Victor Directory of 16mm.*

Film Sources, just published in its fifth revised edition. To the best of our knowledge, it is the only directory published of all known sources of 16mm. sound and silent films. All listings, which include industrial, educational, government or institutional and religious films, are made without charge . . . the directory is distributed without cost (for one copy; additional copies, 50c) . . . it is indexed and cross-indexed to be of every possible form of service. It is a directory of source, and not of subject titles. Films are listed as being appropriate for school entertainment and church use, and whether available free or for loan, rent, or sale. Six principal classifications are as follows: (1) U. S. Gov't., Nat'l and Local Associations, Institutions, etc.; (2) Educational and Religious; (3) Industrial; (4) Film Producers; (5) National and Regional Film Distributors; (6) Local Film Libraries and Booking Agencies. In all cases, the addresses from which the films may be obtained are given. For your copy, write George E. Beyer, Victor Animatograph Corp., Davenport, Iowa.

"For Photo-Offset" is a folder of many examples of advertising and recording offset printing, on papers from International mills. Letterheads, folders, booklets, forms, shown in black and in colors. Write J. L. Fearing, International Paper Co., 220 E. 42nd Street, New York City.

SALES CONTESTS

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Sample copy of our Merchandise Prize Catalog and brochure. "Information on Sales Contest Operation," furnished to sales and advertising executives without charge.

SALES CONTESTS, INC.

10th Floor American Bldg., Dayton, O.

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Cash Basis Only. Remittance Must Accompany Order.
Classified Rates: 50c a line of seven words; minimum \$3.00. No display.

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SOUTHERN CALIFORNIA DISTRIBUTOR—aggressive agency will act as manufacturer's or sales agents. Only products of merit backed by responsible firms sought. Will give real distribution. Write Box 461, SALES MANAGEMENT, 420 Lexington Avenue, New York, N. Y.

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SALESMAN, 10 years' experience selling factory equipment to industrial plants in Buffalo and western New York for nationally known tool manufacturer. Branch Manager 5 years. Excellent record and references. Box 463, SALES MANAGEMENT, 420 Lexington Avenue, New York, N. Y.

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C O M M E N T

BY RAY BILL

WILL EVERYBODY GET INTO EVERYBODY ELSE'S BUSINESS? Throughout the Middle-west organizations of retailers are up in arms over the fact that many large manufacturers, usually through their purchasing departments, are buying vast amounts of goods at wholesale for their employees and so destroying the retail merchants in their communities. An officer of the National Retail Furniture Association calls an estimate of 150 million dollars a year in this sort of business very conservative. . . . One of the rotten spots in the picture is that many gyp wholesalers have sprung up—many slickers and cheaters who pose as wholesalers. Better Business Bureaus have exposed a number of these concerns but others spring up faster than the old ones are killed off. The practice has grown until today automobile tires, electrical supplies, furniture and even day-old chicks are bought through purchasing departments for everybody, from the chief executive to the night porter. . . . It would seem that the retailers have a valid reason for protesting against this system. They and manufacturers—especially those who make consumer products—have a common stake in the maintenance of the profit system, and the development and maintenance of prosperous retailers is more important in the long run than the savings passed on to employees through wholesale purchasing. That is, if the whole national system of distribution is not to be revolutionized in radical degree.

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ABUSING THE PURPOSE OF PREMIUMS: When a certain chain group operating in Brooklyn, N. Y., undertakes to offer premiums to the consumer without any allowance for the cost of handling premiums, it is violating the fundamental basis on which premiums should be used. The chain in question does even worse. It has prepared quite an elaborate catalog of consumer merchandise in which are listed not only a wide variety of consumer items outside of the chain's own immediate field, *but also the exact minimum wholesale price* at which the chain is able to buy these premiums from the manufacturers thereof. . . . Any one dealing with it at all may buy anything listed in the premium catalog at the minimum manufacturer's price and with no charge whatsoever for the purchasing service. Obviously manufacturers are foolish to permit their merchandise to be so listed because of the demoralizing effect of advertising wholesale premium prices to the public. If

this movement spreads far, it will amplify the dangerous trend toward everybody getting into everybody else's business. There is also the matter of selling goods at a loss. Through NRA and various other means, legislators have sought to prohibit deliberate, unnecessary selling at a loss. Regardless of legal means for preventing practices of this kind, certainly the instance here described constitutes an abortive use of premiums and deliberate selling of merchandise at a loss—for no one can buy and sell premiums at exactly the same price without a loss. Meanwhile, all possible factors should bring influence to bear.

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TAXES ON EXCESS SURPLUS: There are sound arguments against taxing surplus earnings of corporations. Almost all corporations and industries pass through cycles of red and black ink. Reserves are needed to tide over not only companies but also employees of all kinds. In many lines substantial reserves are needed to take care of the increasing requirement for speed in the creation and marketing of new models, styles, etc., as well as for the often unexpectedly high obsolescence in factories, machinery, equipment, dies, tools, etc. Finally, reserves protect stockholders with respect to the continuance of reasonable dividends and stabilized market values for their stock—both of which are inseparably tied up with corporation credit and consequent ability to buy advantageously for the benefit both of stockholders and customers. . . . However, there still remains the possibility that certain surpluses are piled up not so much for economic good as for tax avoidance and outright hoarding. It is this possibility which gives rise to the present legislative trend. As a practical matter, it may prove extremely difficult to distinguish between hoarded or tax avoidance surpluses on the one hand and reasonable business surpluses on the other. At times the pendulum may swing too far either way. But many people believe that the possession of excess liquid capital involves a social responsibility to put it to work and keep it working in the interest of society as a whole. Indeed, a similar philosophy may ere long be made to apply to excess personal cash balances. If, in order to avoid surplus taxes, this trend results in billions more of cash capital being put to work than is now the case, it is at least possible that we shall see stabilization of business and employment volume at substantially higher levels and a new form of national insurance against the so-called rainy day.